

# WEST SALE AND WURRUK INDUSTRIAL LAND SUPPLY STRATEGY



FINAL STRATEGY

APRIL 2018

WELLINGTON SHIRE COUNCIL

## **AUTHORS**

Paul Shipp

Brett Hannah

Asaf Cohen

With technical input from:

- TGM Group;
- Traffix; and
- Ecology and Heritage Partners.

## **Urban Enterprise**

**Urban Planning, Land Economics, Tourism Planning & Industry Software**

389 St Georges Rd, Fitzroy North, VIC 3068

(03) 9482 3888

[www.urbanenterprise.com.au](http://www.urbanenterprise.com.au)

© Copyright, Urban Enterprise Pty Ltd, 2017

This work is copyright. Apart from any uses permitted under Copyright Act 1963, no part may be reproduced without written permission of Urban Enterprise Pty Ltd.

**FILENAME:** West Sale and Wurruk ILSS - Final Strategy v1.0 230418

**VERSION:** 1.0

## **DISCLAIMER**

Neither Urban Enterprise Pty. Ltd. nor any member or employee of Urban Enterprise Pty. Ltd. takes responsibility in any way whatsoever to any person or organisation (other than that for which this report has been prepared) in respect of the information set out in this report, including any errors or omissions therein. In the course of our preparation of this report, projections have been prepared on the basis of assumptions and methodology which have been described in the report. It is possible that some of the assumptions underlying the projections may change. Nevertheless, the professional judgement of the members and employees of Urban Enterprise Pty. Ltd. have been applied in making these assumptions, such that they constitute an understandable basis for estimates and projections. Beyond this, to the extent that the assumptions do not materialise, the estimates and projections of achievable results may vary.

# CONTENTS

<b>EXECUTIVE SUMMARY</b> .....	<b>1</b>
<b>1. INTRODUCTION</b> .....	<b>8</b>
1.1. ENGAGEMENT	8
1.2. SCOPE	8
1.3. REPORT STRUCTURE	8
1.4. CONSULTATION	8
1.5. KEY DEFINITIONS	9
<b>2. POLICY AND STRATEGY CONTEXT</b> .....	<b>11</b>
2.1. INTRODUCTION	11
2.2. PLAN MELBOURNE	11
2.3. THE LATROBE VALLEY ECONOMIC GROWTH ZONE	11
2.4. WELLINGTON PLANNING SCHEME	11
2.5. SALE, WURRUK AND LONGFORD STRUCTURE PLAN	12
2.6. KEY POINTS	12
<b>3. ECONOMIC CONTEXT</b> .....	<b>14</b>
3.1. INTRODUCTION	14
3.2. GIPPSLAND REGION	14
3.3. WELLINGTON SHIRE ECONOMY	14
3.4. TRENDS, PROJECTIONS AND MAJOR PROJECTS	18
3.5. KEY FINDINGS	20
<b>4. INDUSTRIAL LAND SUPPLY</b> .....	<b>21</b>
4.1. INTRODUCTION	21
4.2. PREVIOUS LAND SUPPLY ASSESSMENTS	21
4.3. CURRENT LAND SUPPLY	21
4.4. INDUSTRIAL PRECINCT PROFILES	25
4.5. COMMERCIAL PRECINCTS	28
4.6. KEY FINDINGS	29
<b>5. INDUSTRIAL LAND DEMAND</b> .....	<b>30</b>
5.1. INTRODUCTION	30
5.2. CONSULTATION	30
5.3. PREVIOUS LAND CONSUMPTION ASSESSMENTS	31
5.4. POPULATION AND EMPLOYMENT GROWTH	31
5.5. CONSTRUCTION AND DEVELOPMENT	33
5.6. OTHER DEMAND CONSIDERATIONS	35
5.7. KEY FINDINGS	37
<b>6. CANDIDATE AREA ANALYSIS</b> .....	<b>39</b>
6.1. INTRODUCTION	39
6.2. PLANNING CONTEXT	39

6.3. CANDIDATE AREA 1: WURRUK	40
6.4. CANDIDATE AREA 2: WEST SALE AERODROME	42
6.5. CANDIDATE AREA 3: FULHAM	45
6.6. BIODIVERSITY	48
6.7. CULTURAL HERITAGE	49
6.8. INFRASTRUCTURE	49
6.9. TRAFFIC	51
6.10. INFRASTRUCTURE COSTS	55
<b>7. CANDIDATE AREA SUMMARY AND ASSESSMENT</b> .....	<b>56</b>
7.1. INTRODUCTION	56
7.2. CANDIDATE AREA SUMMARY	56
7.3. OPTIONS ASSESSMENT	57
<b>8. STRATEGY</b> .....	<b>58</b>
8.1. INTRODUCTION	58
8.2. GENERAL RECOMMENDATIONS	58
8.3. STRATEGIES AND ACTIONS	60
<b>ATTACHMENTS</b> .....	<b>64</b>
ATTACHMENT A DATA AREA BOUNDARIES	64
ATTACHMENT B LIST OF CONSULTATION	65
 <b>FIGURES</b>	
<b>FIGURE 1</b> LOCATION OF FUTURE INDUSTRIAL AREAS, WEST SALE AND WURRUK .....	<b>12</b>
<b>FIGURE 2</b> LOCAL INDUSTRY STRENGTH AND ESTIMATED GROWTH POTENTIAL .....	<b>17</b>
<b>FIGURE 3</b> LOCATIONS OF EXISTING INDUSTRIAL AND COMMERCIAL PRECINCTS, SALE AND WURRUK.....	<b>22</b>
<b>FIGURE 4</b> LOCATION OF VACANT LOTS IN EXISTING PRECINCTS, SALE AND WURRUK .....	<b>24</b>
<b>FIGURE 5</b> VALUE OF INDUSTRIAL BUILDING APPROVALS, WELLINGTON SHIRE, 2012-2017 .....	<b>34</b>
<b>FIGURE 6</b> AMENDMENT C98: RECENT CHANGES TO ZONES AND OVERLAYS, WEST SALE AERODROME .....	<b>39</b>
<b>FIGURE 7</b> PLANNING ZONES, CANDIDATE AREA 1, WURRUK .....	<b>40</b>
<b>FIGURE 8</b> PLANNING OVERLAYS, CANDIDATE AREA 1, WURRUK.....	<b>41</b>
<b>FIGURE 9</b> LAND OWNERSHIP, CANDIDATE AREA 1, WURRUK .....	<b>41</b>
<b>FIGURE 10</b> PLANNING ZONES, CANDIDATE AREA 2, WEST SALE AERODROME.....	<b>42</b>
<b>FIGURE 11</b> PLANNING OVERLAYS, CANDIDATE AREA 2, WEST SALE AERODROME.....	<b>43</b>
<b>FIGURE 12</b> LAND OWNERSHIP, CANDIDATE SITE 2, WEST SALE AERODROME.....	<b>44</b>
<b>FIGURE 13</b> PLANNING ZONES, CANDIDATE AREA 3, FULHAM.....	<b>45</b>
<b>FIGURE 14</b> PLANNING OVERLAYS, CANDIDATE AREA 3, FULHAM.....	<b>46</b>
<b>FIGURE 15</b> LAND OWNERSHIP CANDIDATE AREA 3 .....	<b>46</b>
<b>FIGURE 16</b> VIFSA SALE TOWN BOUNDARY, 2016.....	<b>64</b>

## TABLES

TABLE S1: CANDIDATE AREA SUMMARY .....	3
TABLE S2: ASSESSMENT OF CANDIDATE AREAS.....	4
TABLE 1 UNEMPLOYMENT RATE, LATROBE-GIPPSLAND SA4, MARCH 2011-2017 .....	19
TABLE 2 PROJECTED EMPLOYMENT BY INDUSTRY IN GIPPSLAND-LATROBE, NOVEMBER 2020 .....	19
TABLE 3 EXISTING INDUSTRIAL LAND SUPPLY BY PRECINCT, SALE, 2017 .....	22
TABLE 4 PARCEL SIZE BY PRECINCT, SALE AND WURRUK, 2017 .....	23
TABLE 5 VACANT LOT PARCEL SIZE BY PRECINCT, SALE AND WURRUK, 2017 .....	23
TABLE 6 BUSINESS ACTIVITY AND EMPLOYMENT BY INDUSTRY, WURRUK.....	25
TABLE 7 BUSINESS ACTIVITY BY INDUSTRY, SALE WEST 2017 .....	26
TABLE 8 BUSINESS ACTIVITY BY INDUSTRY, SALE EAST 2017.....	27
TABLE 9 BUSINESS ACTIVITY BY INDUSTRY, SALE SOUTH 2017 .....	28
TABLE 10 ESTIMATED RESIDENTIAL POPULATION, SALE SA2, 2006-2016 .....	31
TABLE 11 PROJECTED POPULATION GROWTH, WELLINGTON AND SALE VIFSA, 2016-2031 .....	31
TABLE 12 EMPLOYMENT BY INDUSTRY SALE SLA AND SA2, 2006-2011 .....	32
TABLE 13 PROJECTED SALE AND WURRUK INDUSTRIAL LAND REQUIREMENTS, - POPULATION MODEL .....	33
TABLE 14 PROJECTED INDUSTRIAL LAND REQUIREMENTS - POPULATION MODEL .....	33
TABLE 15 NUMBER OF PLANNING AND BUILDING APPROVALS, SALE AND WURRUK, 2006-2016.....	34
TABLE 16 LAND CONSUMPTION DEMAND FROM SUBDIVISIONS, SALE.....	35
TABLE 17 CONSUMPTION OF INDUSTRIAL LAND IN WELLINGTON BUSINESS PARK, JAN 2016 – AUG 2017	35
TABLE 18 EXTENT OF REMNANT NATIVE VEGETATION PRESENT WITHIN THE CANDIDATE AREAS, 2005 .....	48
TABLE 19 COMPARISON OF INFRASTRUCTURE COSTS .....	55
TABLE 20 CANDIDATE AREA SUMMARY .....	56
TABLE 21 ASSESSMENT OF CANDIDATE AREAS .....	57
TABLE 22 SALE SA2 BOUNDARIES, 2006, 2011, 2016.....	64

# EXECUTIVE SUMMARY

Urban Enterprise was engaged by Wellington Shire Council (**Council**) to undertake the West Sale and Wurruk Industrial Land Supply Strategy. This report is the Final Strategy which builds on an Analysis, Issues and Options Paper.

The report draws on a comprehensive consultation process which invited input from a diverse range of stakeholders including Council officers, State government, infrastructure agencies, businesses, landowners and other stakeholders potentially impacted by future industrial development.

## POLICY, STRATEGY AND ECONOMIC CONTEXT

The Gippsland Regional Growth Plan identifies the Latrobe region as a focus for economic growth, while Sale is identified as a Regional Centre which should accommodate a range of services to support the surrounding region.

The Sale, Wurruk and Longford Structure Plan identified three key sites to the west of Sale for investigation for future industrial uses – these are reflected in the Sale Framework Plan which shows all three sites within the Settlement Boundary.

Policies and strategies identify the following economic strengths and opportunities for Sale and the region:

- Strengths of the economy in Sale include the defence and aviation sectors, oil and gas, and a diverse economy which enables the town to operate as a service centre for the broader region;
- Aviation, including the RAAF base and the West Sale Aerodrome, is a major opportunity for economic growth and employment in Sale and surrounds; and
- The key economic strengths of Wellington generally include defence, aviation, high quality agricultural land and oil and gas production;
- The Wellington Shire economy is relatively well diversified and is not reliant on a single industry to support the region, however many established industries are relatively mature and unlikely to drive major economic and employment growth;
- Major infrastructure investment is protecting existing strengths in high quality irrigated agricultural land and enhancing access and proximity to markets through improved road and rail infrastructure;
- Improvements and expansions of existing aviation infrastructure near Sale, including the East Sale RAAF Base and the West Sale Aerodrome, is likely to drive new economic opportunities in the aviation and related industries in Sale.

## INDUSTRIAL LAND SUPPLY AND DEMAND

An analysis of industrial land **supply** in Sale found the following:

- Industrial land in Sale is fragmented across multiple precincts, many with interface conflicts with nearby residential uses and poor transport accessibility;
- There is approximately 19ha of vacant industrial land in Sale at present across 4 precincts, along with several larger sites that are either underutilised or disused (eg. Nylex);
- Overall, most industrial precincts have relatively poor access and interface issues. Only the Wurruk and Sale East precincts are considered appropriate and available to provide any meaningful opportunities to new industrial businesses, along with the potential strategic opportunities associated with large businesses seeking to occupy currently disused major properties such as the Nylex site;
- There are only two sites for strategic supply (Wellington Business Park and a site owned by Gippsland Grammar School) identified as appropriate for new large industrial businesses. One of these is proposed to

be progressively subdivided over time (Wellington Business Park) and the other does not appear to be on the market with no guarantee to be made available for industrial purposes (Gippsland Grammar);

- The remaining supply of land available for small and medium business currently has a total area of approximately 9 hectares across 25 smaller lots;
- Only one industrial area in Sale is being progressively subdivided to create new industrial lots (Sale East). This area is predominantly providing new lots in small stages, typically 1,500 – 3,000sqm in area; and
- Gaps identified in the existing land supply primarily relate to the lack of opportunities for large format industrial sites with separation from sensitive uses and ready access to major roads. The land size gaps are primarily in the medium to large lot sizes of 0.5-1ha, 1-2ha and 2ha+.

Given that investors and businesses typically prefer to locate on newer, higher quality lots, rather than existing lots with improvements or interface / access issues, there is a distinct lack of the type of land that would be attractive to new industrial businesses in Sale. The ongoing subdivision of Wellington Business Park is the only location where this type of land is being made available – the development of this area is expected to continue to deliver smaller lots that will be attractive to commercial and light industrial users.

The implications of the analysis of **demand** for industrial land in Sale and Wurruk include:

- There are two drivers of demand for industrial land, being local industrial business and larger regional/export industrial businesses;
- The local demand rate for industrial land is projected to be between 0.5 and 0.7ha/annum for the next 15 years, leading to a requirement of between 7.5 and 10.5 hectares of local industrial land by 2031;
- Strategic demand is less readily quantifiable. Council and the developer of the Wellington Business Park have received multiple enquiries regarding larger lots between 2ha and 10ha over the past three years, including 15 enquiries in Wellington Shire in the past 12 months. Council should plan to accommodate larger businesses by providing a suitable supply of land with larger lot sizes over the next 15 – 20 years (of at least 1ha and up to 10ha).

An indicative allowance for at least 40 hectares (lot area) is recommended and could accommodate 5-10 large businesses and a range of medium businesses. Rezoning further land as a contingency is also supported given the long lead times associated with planning for employment areas.

Main industrial business opportunities identified include:

- Local industrial growth led by growing population needs, such as construction, workshops, storage, mechanics, equipment hire, etc.
- Expansion or relocation of existing Sale and Wurruk businesses to the Candidate Areas to provide larger sites, better separation from sensitive use and easier access to the highway network, Latrobe and Melbourne; and
- New medium to large sized industrial businesses seeking proximity to existing regional produce and a suitable labour supply (Sale and Traralgon) and ready access to the highway network.

In the longer term and subject to infrastructure availability, the opportunity to utilise rail and air freight to distribute and export products may also attract certain business types, particularly in Candidate Area 2 which has direct access to the rail line as well as the West Sale Aerodrome.

Industries and business types that may be well suited to current opportunities and local advantages include:

- Aviation and associated industries, including safety, training, maintenance, recreation, storage, natural resource and emergency management, and advanced aviation technologies;
- Advanced manufacturing and engineering, including mineral resources and renewable energy technology;
- Food processing and value-adding, including those to support the agricultural and tourism sectors (eg. food and wine manufacturing); and
- Transport and distribution to assist export of local produce.

## CANDIDATE AREA ASSESSMENT

Table S1 shows a summary of the candidate areas and the characteristics of each that have been identified throughout the analysis.

**TABLE S1: CANDIDATE AREA SUMMARY**

Attributes	Candidate Area 1	Candidate Area 2	Candidate Area 3
Land area	42ha	55ha	100ha
Gross Developable Area (indicative)*	38ha	49.5ha	90ha
Indicative lot area (70% of GDA)*	26.6ha	34.7ha	63ha
Land ownership	2 owners, no identified constraints	5 owners, fragmented ownership could result in slow rate of development, no identified constraints	2 owners, potential ownership constraint to developing part of the area
Planning Zones and overlays	Farming Zone DDO6	Farming Zone DDO6 AEO1 (to be amended) AEO2 (to be amended)	Farming Zone DDO6
Current land use	Grazing	Rural residential Grazing Hospitality/Events	Grazing
Topography	Flat (sloping near river)	Flat	Flat
Key interfaces	Wurruk Industrial Estate Thompson River	West Sale Aerodrome Future Heavy Vehicle Bypass Rail line	Princes Highway Fulham Correctional Centre Council animal pound
Road access	Constrained road access	Direct access future bypass and Heyfield Rd roundabout Secondary access	Direct access to highway Secondary access Hopkins Rd Potential bypass access (Heyfield Rd roundabout)
Rail access	Adjacent rail line (no station)	Adjacent rail line (no station)	Near rail line
Air freight	Near aerodrome	Adjacent aerodrome	Near aerodrome
Infrastructure Costs	Moderate	High (potentially multiple beneficiaries)	High
Native vegetation	Yes	Yes	Yes
Cultural heritage	Sensitivity – CHMP needed	Voluntary CHMP recommended	High sensitivity – CHMP needed
Economic Opportunities	- Extend Wurruk Industrial estate - Leverage from existing business relationships and infrastructure	- Integrate with aerodrome uses - Leverage from heavy vehicle bypass	- Leverage from high exposure and access from Highway - Large sites possible
Main challenges	- Road access	- Multiple ownership and reduced prospect of short term transition - Native vegetation	- Development costs and encumbered land (drainage and cultural heritage) - Landowner intentions - Prison interface

Source: Urban Enterprise, 2017.

\*If no other details are available: 90% GDA/LA, 70% NDA/GDA



Investigation of Candidate Areas has identified that each site has a range of opportunities and challenges that need to be considered. The Candidate Areas should be considered against the extent to which they meet the following criteria which generally apply to larger format industrial land uses:

1. Low number of land owners, larger lots, regular layout;
2. A low level of 'entrenched' uses / investment in improvements, and landowners open to the prospect of selling or developing in the near future;
3. Low levels of encumbrances (eg. flooding, native vegetation, cultural heritage, etc) such that a reasonable proportion of the land can be developed without significant additional costs;
4. Flat land, readily serviced with costs at a level that is unlikely to compromise development feasibility.
5. Sufficient land that is suited to the types of demand identified / aligned with overall economic opportunities;
6. Separated from sensitive land uses;
7. Easily assessed from major roads, freight networks and export infrastructure;
8. Proximity to a labour force, a market and the source of produce; and
9. Ability to leverage from other Council and State investment.

Table S2 provides an assessment of the extent to which the Candidate Areas align with these criteria based on the analysis presented in this report. The assessment shows that although each of the Candidate Areas will have challenges to development, Candidate Area 2 best aligns with the criteria overall. This is primarily because there are no major issues identified with the area which cannot be overcome (i.e. those which present a potential barrier to development) compared with Area 1 (access issues) and Area 3 (potential cultural heritage issues as well as high infrastructure costs and a likely reduction in developable area due to stormwater retention requirements).

The main challenges to developing Candidate Area 2 could be addressed, including:

- Relatively high traffic infrastructure costs could be distributed across multiple beneficiaries; and
- Land ownership may restrict short term development but is not considered likely to be an enduring constraint to development.

Candidate Area 2 also presents significant potential economic benefits and synergies which could be derived from co-location with the Aerodrome (including the opportunity to form a consolidated aviation, manufacturing and business precinct), the potential future heavy vehicle bypass and the potential for long-term rail freight access.

**TABLE S2: ASSESSMENT OF CANDIDATE AREAS**

Criteria	Area 1	Area 2	Area 3
1	High	Medium	High
2	High	Medium	Medium
3	Medium	Medium	Low
4	High	Medium	Low
5	Medium	High	High
6	Medium	High	Low
7	Low	High	High
8	High	High	High
9	Low	High	Medium

Source: Urban Enterprise, 2017.

## RECOMMENDATIONS, STRATEGIES AND ACTIONS

Candidate Area 2 is recommended as the primary opportunity to provide industrial land. Rezoning of industrial land in this location has the potential to form part of a broader economic precinct which incorporates the West Sale Aerodrome and surrounding public land, supported by major road, rail and air distribution infrastructure.

Given that there are some potential challenges with development of this area which could delay ultimate transition of this area to industrial uses and the large number of enquiries regarding industrial land in Wellington Shire in the past 12 months, it is recommended that a secondary candidate area is also pursued for rezoning. Candidate Area 1 is considered the best opportunity for short term development given the low infrastructure costs and proximity to an existing industrial area, if road access can be secured and a Cultural Heritage Management Plan is prepared.

Concurrently seeking to advance planning for two separate areas will mitigate the risk of identifying a preferred site which is subsequently found to have considerable development constraints. If both areas are ultimately successful in being rezoned and delivering new land to the market, it is expected that each could play a different and complementary role.

The recommended actions should be undertaken concurrently wherever possible.

- STRATEGY 1    Increase the supply of industrial land suitable for medium and large lots in Sale and Wurruk**
- ACTION 1.1    Adopt the Strategy**
- ACTION 1.2    Allocate resources to the completion of identified actions, including seeking external funding to support actions and catalyst infrastructure where relevant.**
- STRATEGY 2    Develop a planning framework to guide and control future development**
- ACTION 2.1    Prepare a Planning Scheme Amendment which covers the following actions under Strategy 2.**
- ACTION 2.2    Identify Candidate Area 1 and 2 as preferred industrial growth areas on the Sale Framework Plan, and retain the identification of Candidate Area 3 as a potential long term industrial growth area subject to demand.**
- ACTION 2.3    Rezone Candidate Area 1 to the Industrial 1 Zone and Candidate Area 2 to the Industrial 1 Zone or alternative zone associated with the broader economic precinct (such as a Special Use Zone).**
- ACTION 2.4    Prepare a Development Plan Overlay addressing the actions from Strategies 3, 4 and 5 as relevant, including Environment, Infrastructure and Cultural Heritage actions.**
- ACTION 2.5    Prepare a Design and Development Overlay addressing the actions from Strategy 6 and incorporating input from the West Sale Aerodrome and RAAF.**
- ACTION 2.6    Prepare a Development Contributions Plan Overlay for both areas (or equivalent mechanism for Candidate Area 1) and supporting documentation to formalise arrangements for shared infrastructure funding.**
- STRATEGY 3    Define potential Cultural Heritage and ecological constraints to development**
- ACTION 3.1    Require preparation of a formal Cultural Heritage Management Plan for Candidate Area 1.**
- ACTION 3.2    Require preparation of a Preliminary Ecology Assessment for Areas 1 and 2 to observe the presence of protected flora and fauna.**
- ACTION 3.3    Require preparation of a Preliminary Cultural Heritage Survey of Area 2.**

- STRATEGY 4**    **Require consideration of specific infrastructure issues**
- ACTION 4.1**    Require the preparation of a survey and preliminary stormwater management plan and waterway management plan for Candidate Area 2, ensuring that all findings and options consider ways to integrate with proposed works associated with the Aerodrome expansion.
- ACTION 4.2**    Require the preparation of a survey and preliminary stormwater management plan and waterway management plan for Candidate Area 1.
- ACTION 4.3**    Require the preparation of a Risk Assessment with V/Line and the Road Authority to reveal the additional impacts on level crossings to be utilised for the relevant candidate area and measures required to mitigate any risk, building on the initial assessment prepared for this strategy.
- ACTION 4.4**    Given that access arrangements for Candidate Area 2 (including the number of intersections) are not finalised, require further investigation of access arrangements to Sale-Heyfield Road at the time of detailed planning, considering the strategic nature and status of the Sale Alternative Truck Route.
- STRATEGY 5**    **Establish formal mechanisms for shared infrastructure funding**
- ACTION 5.1**    For Candidate Area 1, design suitable road access via Riverside Drive (including any necessary land acquisition or land swaps) and seek a funding contribution from relevant sources, including State government.
- ACTION 5.2**    As part of future planning for the broader Aerodrome precinct, identify opportunities to co-fund major shared infrastructure items for Candidate Area 2 such as intersections and sewer/water extensions.
- ACTION 5.3**    As part of any Planning Scheme Amendment, prepare a Development Contributions Plan (or equivalent mechanism) to set out requirements and conditions on which developers share major infrastructure costs.
- STRATEGY 6**    **Ensure that urban design and land use is optimised and minimise conflicts both for industrial areas and interface areas**
- ACTION 6.1**    For both candidate areas, apply a Design and Development Overlay which addresses each consideration outlined in this Strategy to any land to be rezoned to the Industrial 1 Zone, including specific consideration of and alignment with the requirements of Clause 22.05 and AEO2 for the portion of land (0.2ha) in Candidate Area 2 that is impacted by the overlay.
- ACTION 6.2**    Liaise with DELWP to confirm whether a Correctional Facility is considered to be a sensitive use (or otherwise) in respect of Clause 52.10 as part of the planning for Candidate Area 2.
- STRATEGY 7**    **Establish and promote strategic economic clusters**
- ACTION 7.1**    Partner with Regional Development Victoria to identify, support and fund the delivery of a strategic regional hub for aviation and related industries in Candidate Area 2 and surrounds.
- ACTION 7.2**    Prepare a Strategic Property and Economic Opportunities Plan for the broader area surrounding and including Candidate Area 2, incorporating the Aerodrome, other public land and land situated between the Princes Freeway and the rail-line.
- ACTION 7.3**    Liaise with VicRoads to communicate the benefits of the Sale Alternate Truck Route to future industrial land in Candidate Area 2 and ensure that planning for the route has regard for proposed future industrial land use in this area.

- ACTION 7.4** Partner with Invest Gippsland to promote new industrial land opportunities in Candidate Areas 1 and 2 and identify potential businesses and investors.
- ACTION 7.5** In the medium term, liaise with V/Line regarding long term freight distribution options and potential to integrate with Candidate Area 2.
- ACTION 7.6** When planning for the layout of the overall strategic economic cluster, consider the opportunity to establish a broader functional road network which connects Sale-Cowarr Road to Sale-Heyfield Road, north of the railway line.

# 1. INTRODUCTION

## 1.1. ENGAGEMENT

Urban Enterprise was engaged by Wellington Shire Council (**Council**) to undertake the West Sale and Wurruk Industrial Land Supply Strategy.

This report is the Final Strategy, which builds on the Analysis, Issues and Options Paper prepared in September 2017.

## 1.2. SCOPE

The scope of the project is to review the provision of existing industrial land, assess nominated future sites in the Structure Plan and consider future land requirements over the short to medium term in Wurruk and West Sale.

The scope includes:

- A review of the policy, strategy and economic context in Sale and the broader region;
- A thorough consultation program with major authorities, land owners, economic drivers, property interests and planning units;
- An assessment of the industrial demand and supply in Sale and Wurruk;
- An assessment of the infrastructure conditions and any issues associated with developing the Candidate Areas for future industrial land; and
- Identification of issues and options for providing ongoing industrial land supply in Sale.

## 1.3. REPORT STRUCTURE

The report structure for this Final Strategy includes:

- Section 2 provides a review of the policy strategy and economic context for the project;
- Section 3 includes a summary of the findings from the consultation process;
- Section 4 contains a review of the existing industrial land supply;
- Section 5 provides analysis and projection of demand for industrial land in Sale and Wurruk;
- Section 6 includes analysis of the proposed industrial candidate areas, including the findings of technical reports regarding Cultural Heritage, Infrastructure and Traffic; and
- Section 7 provides a summary of issues and options; and
- Section 8 outlines proposed strategies and actions.

The report is informed by four technical reports which are included in a separate **Appendices Report**.

## 1.4. CONSULTATION

This report draws on a comprehensive consultation process which invited input from a diverse range of stakeholders including:

- Wellington Shire Council officers within the Strategic Planning, Infrastructure Development and Business Development units;
- State government departments including the Department of Environment, Land Water and Planning (**DELWP**), Department of Economic Development, Jobs, Transport and Resources, (**DEDTJR**) and Regional Development Victoria (**RDV**);

- State government agencies including VicRoads, VicTrack, Environment Protection Authority (EPA) and Country Fire Authority (CFA);
- Infrastructure authorities including Gippsland Water, the West Gippsland Catchment Management Authority (WGCMA), Ausnet, Telstra, NBN,
- Other stakeholders including Aboriginal Victoria, Fulham Correctional Centre, West Sale Aerodrome and the Royal Australian Air Force (RAAF);
- All businesses currently occupying industrial land in Sale and Wurruk;
- All landowners within Candidate Area for future industrial land; and
- Selected real estate agents and developers.

Findings from consultation are included in the relevant sections of the report. A list of those consulted is provided in **Attachment C**. It is noted that not all stakeholders contacted provided input to the study.

## 1.5. KEY DEFINITIONS

### INDUSTRIAL LAND

This project considers industrial land. Under the Victorian Planning Provisions at the time of this study, industrial land uses are permitted to establish within a range of planning zones, including the suite of three industrial zones (Industrial 1 Zone – IN1Z; Industrial 2 Zone – IN2Z; and Industrial 3 Zone – IN3Z), along with the Commercial 2 Zone (C2Z). This report defines industrial land as land within the four aforementioned planning zones.

### VACANT LAND

In this report, land identified as ‘vacant land’ includes individual properties that are classified in Council’s rates database as ‘vacant’ or as a ‘development site’, and/or was identified by a review of aerial photography or during a site visit as not being used for business purposes (i.e. no storage of materials, no visible business activity, no major improvements, etc). In some cases, sites with significant improvements may be identified as ‘vacant’ even though the buildings are not currently occupied (e.g. Nylex in Sale).

### INDUSTRIAL LAND USE

Under the land use terms as defined in the Victorian Planning Provisions (clause 75), industrial land use generally falls within two broad land use terms as follows:

- “Industry”, including materials recycling, refuse disposal, research and development centre, rural industry (such as abattoirs and sawmills), services industry (such as car wash and motor repairs); and
- “Warehouse”, including commercial display areas, fuel depots, mail centres, milk depots and stores (such as boat and caravan storage, shipping container storage and others).

Although some other land uses are commonly found to be using industrial land (such as recreation, religious, transport terminals, offices, retail and utilities), references in this report to industrial land uses or users generally refer to the main uses of ‘industry’ and ‘warehouse’.

## INDUSTRIAL BUSINESSES AND EMPLOYMENT

Businesses and jobs in Australia are categorised by reference to the Australian and New Zealand Standard Industry Classification (ANZSIC) Code, which includes 16 broad industries. The ANZSIC industries which most closely align with and reflect industrial land use include:

- Manufacturing;
- Construction;
- Transport, Postal and Warehousing; and
- Wholesale Trade.

Other industries include both occupation and business types which typically use industrial land and other uses that typically *do not* use industrial land, including:

- Mining;
- Electricity, Gas, Water and Waste Services;
- Other services; and
- Rental, Hiring and Real Estate Services.

References to industrial 'industries' or business types generally to businesses and jobs within these ANZSIC codes.

## DATA AREAS

Several different data areas are used within this report and are identified throughout this report. Refer to **Attachment A** for data area mapping.

## 2. POLICY AND STRATEGY CONTEXT

### 2.1. INTRODUCTION

This section provides an overview of the policy and strategy context for the project.

### 2.2. PLAN MELBOURNE

Plan Melbourne is guided by nine key principles, of which linking regional Victoria to Melbourne is one. This connectivity throughout the state aims to create increased economic opportunities through physical, social and economic links to the central cities.

Sale is identified as a Regional Centre, with the nearest Regional Centre in Gippsland being Bairnsdale and the nearest Regional City being Latrobe City.

The Plan also identifies the potential for a future airport to serve the long-term needs of the south-east Melbourne and the Gippsland region, which is relevant to potential future freight export opportunities and industrial land location decisions.

### 2.3. THE LATROBE VALLEY ECONOMIC GROWTH ZONE

Recently, the Latrobe Valley Economic Growth Zone was established, with financial incentives aiming to create jobs and grow local businesses in the region. Financial incentives include the reimbursement of a range of government fees and charges as well as property transactions. The incentives aim to retain these businesses in the region for an extended period to support the economic activity in the Latrobe Valley.

### 2.4. WELLINGTON PLANNING SCHEME

The Wellington Municipal Strategic Statement (MSS) identifies Sale as the main employment, education, medical and commercial centre of the Shire, providing a service role for the surrounding region of smaller towns and settlements. The MSS aims to establish the wider Sale region as a thriving regional city.

The MSS identifies that:

- Diversity of economic activity is a strength within Sale;
- The airfields in Wellington are important economic development assets;
- It is important to actively seek and develop new business opportunities, while generating wealth that stays in the Shire and provides employment;
- Sale, Wurruk and Longford will become strengthened with the development of the Defence sector as well as expansion of the oil and gas industries, and growth in health, education, recreation, tourism, retailing and general industry.
- The West Sale Aerodrome is as a key precinct to be developed as an industrial node;
- Wurruk is a location with the opportunity to provide the establishment of new industries and as a secondary activity node to complement Sale.
- The objective to facilitate industrial development in Sale and Wurruk includes the facilitation of westward expansion of the existing Wurruk Industrial Estate, along with the establishment of a multimodal interchange/transport and logistics hub at the West Sale Aerodrome. Land south of the Aerodrome and the Princes Freeway is also highlighted for large scale industry in the long term.



- Aviation, timber and tourism industrial sectors are important industries for development in the area.

## 2.5. SALE, WURRUK AND LONGFORD STRUCTURE PLAN

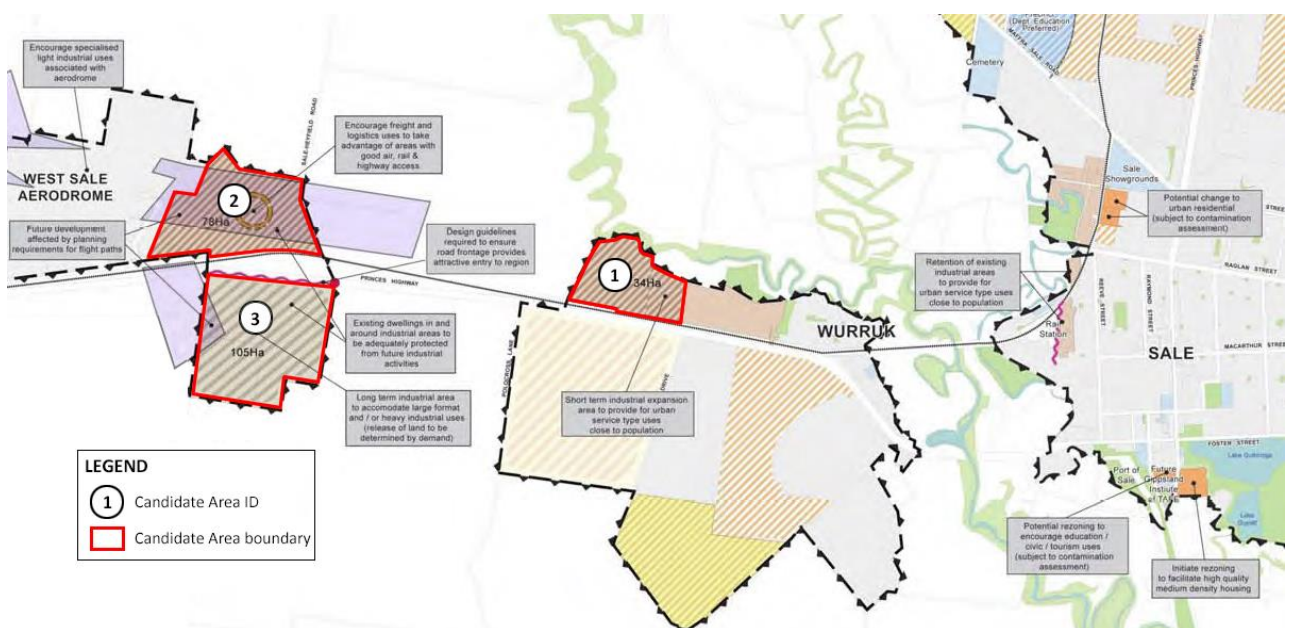
The Sale, Wurruk and Longford Structure Plan was prepared in 2010. The Structure Plan identified areas of residential growth in the Northern Growth Area (North Sale) as well as in the Western Growth Area (Wurruk) to accommodate expected population growth.

The objectives of the Structure Plan in relation to industry included:

- Protect existing industrial operations;
- Provide economic development and employment opportunities;
- Protect and enhance the capacity for RAAF Base and the Aerodrome to develop as major employment bases;
- Provide a multi-modal freight exchange area; and
- Enhance transport access to industrial areas.

The Structure Plan identified three candidate areas to be investigated for future industrial land at Wurruk, the West Sale Aerodrome and Fulham. These sites (shown in Figure 1) provide a total of almost 220ha of potential industrial land. The sites are also shown within the Sale settlement boundary in the Sale Framework Plan (as part of the Gippsland Regional Growth Plan).

**FIGURE 1** LOCATION OF FUTURE INDUSTRIAL AREAS, WEST SALE AND WURRUK



Source: Sale Wurruk and Longford Structure Plan, 2010

## 2.6. KEY POINTS

The important implications of the policy and strategy context for industrial land in Sale include:

- State policies identify the Latrobe region as a focus for economic growth, while Sale is identified as a Regional Centre which should accommodate a range of services to support the surrounding region;
- Strengths of the economy in Sale include the defence and aviation sectors, oil and gas, and a diverse economy which enables the town to operate as a service centre for the broader region;

- Aviation, including the RAAF base and the West Sale Aerodrome, is a major opportunity for economic growth and employment in Sale and surrounds; and
- Three key sites to the west of Sale were identified for investigation for future industrial uses.

## 3. ECONOMIC CONTEXT

### 3.1. INTRODUCTION

This section provides an overview of the existing economic context in Sale and the broader Gippsland Region and implications for industrial land in and near Sale.

### 3.2. GIPPSLAND REGION

The Latrobe Valley Industry and Employment Roadmap<sup>1</sup> identified that much of the region's competitive advantages are "located in the region's resource-based industries, including new employment that will be associated with the diversification of the region's energy sector, the expansion of agriculture and forestry, growth in advanced manufacturing and growth in population driven segments of the region's service industries and public sector."

The Gippsland Regional Growth Plan identified that:

- "To grow and diversify Gippsland's economy, efforts should be focused on the sectors of energy and earth resources, agriculture, forestry, fisheries, commercial and industrial development, and construction."
- There are natural mineral deposits "throughout much of Gippsland that could generate future economic activity";
- Morwell is a location where freight and logistics precincts would enable consolidation of freight activities and opportunities to increase the use of rail;
- The areas surrounding Sale include the Macalister Irrigation District which is to be protected as a "key asset for horticulture and dairy production" and "key agriculture and forestry land" to be protected to support "food production for domestic and export markets"; and
- Sale is a "diverse commercial centre" where there is the opportunity to support "healthcare, retail, manufacturing and professional services" and "to increase defence industries and training". Opportunities for nearby towns of Maffra and Longford include "food manufacturing hubs that add value to local agricultural products".

The Gippsland Regional Growth Plan identifies the importance of productive agricultural land to the Gippsland economy, and includes a plan<sup>2</sup> which identifies that the majority of land in the region is classed as 'productive agricultural land'. Land to the north and north west of Sale is identified as 'prime productive agricultural land', which generally aligns with the Macalister Irrigation District.

### 3.3. WELLINGTON SHIRE ECONOMY

Key observations based on previous reports, data analysis and consultation relating to the Wellington economy are as follows:

- Wellington's Gross Regional Product is estimated at \$2.534 billion. Wellington represents 18% of Gippsland Region's GRP of \$14.240 billion. Both GRP per capita and GRP per worker are higher in Wellington than for the Gippsland Region.<sup>3</sup>

---

<sup>1</sup> State Government of Victoria, 2012.

<sup>2</sup> Figure 14 of the Gippsland Regional Growth Plan Background Report, p.25

<sup>3</sup> Remplan Economy Profile, 2016, Wellington Shire website.

- The industries with the greatest value added are mining, rental hiring and real estate services, public administration and safety, and agriculture. Manufacturing represents a relatively low proportion of value added in Wellington (5.9%) compared with Gippsland (7.8%) and Victoria (10.1%).<sup>2</sup>
- The major industries which have underpinned Wellington's economy for some time include Defence, Public Administration, Oil and Gas, Health and Agriculture (particularly dairy). However, many of these industries are 'mature' and not necessarily expected to contribute to substantial jobs growth in the future;
- The unemployment rate in Wellington has increased steadily over the past 5 years, from 4.2% in March 2012 to 6.6% in March 2017, although the current rate is lower than neighbouring municipalities of Latrobe (10.2%) and East Gippsland (8.7%).<sup>4</sup>
- Sale is the major service centre for Wellington Shire, accommodating 44% of all employment (6,286 jobs).<sup>2</sup> Sale and Wurruk accommodate 51% of Wellington's Construction jobs, 51% of Wholesale trade jobs and 34% of Manufacturing jobs;
- The industrial business mix in Sale is generally comprised of small to medium companies, many of which perform "secondary" roles (i.e. businesses providing trades, products, equipment and services to support other industries in the region). The most common industry using industrial land in Sale is Construction, with several businesses also in the Manufacturing, Wholesale trade, and Transport industries.

### 3.3.1. WELLINGTON ECONOMIC DEVELOPMENT STRATEGY

The Wellington Economic Development Strategy (EDS) identifies many key industries that play a significant role in the Wellington economy and the importance of these industries in shaping the future of the region. The following section summarises important economic data and strategic direction that is identified in the EDS and the strengths and weaknesses of the economy.

#### AGRIBUSINESS

The agribusiness industry has the largest physical presence in the Shire and generates a total output close to \$5 billion. In dairy alone, it is currently worth around \$820 million in farm, manufacturing and export value; approximately 6% of the national total. More than 10% of Wellington's workforce is employed in this sector.

The Shire also has 52% of Gippsland's private timber plantations and three timber mills. Wellington's large agribusiness sector creates service demand across the economy: everything from machinery to training. Growth in agribusiness may not always result in a high number of new jobs in the industry, but it creates many more elsewhere in the economy, making it one of the most important sectors in Wellington.

Council will support the expansion and diversification of agribusiness activity. This includes considering productivity improvements through infrastructure investment and innovation; new niche markets, including agribusiness training; and new sectors (e.g. horticulture). In timber, the emphasis is on greater efficiency in milling, the potential use of biomass to become more energy efficient, and expanding both domestic and international markets.

These opportunities rely on better connectivity to suppliers and markets. Given the size of agribusiness and its importance across the region, the recently established Invest Gippsland group, led by Regional Development Australia, will continue support for the sector.

---

<sup>4</sup> Small Area Labour Markets, March Quarter, 2017

## OIL AND GAS

Oil and gas extraction and processing directly employs around 350 people in Wellington at Exxon Mobil, which produces about 70% of Victoria's gas supply from the Longford plant. For the new few decades, it is expected that this sector will provide a large and stable number of secure, well-paid jobs.

As the recent land use activity audit found, while the industry is mature and unlikely to expand much further, it has supported the creation of a significant number of supply chain enterprises in the Shire, particularly engineering, manufacturing and logistics firms; at a scale rarely found in rural Australia. This cluster is concentrated in Wurruk.

The key to supporting this industry is continuing to ensure that local quality of life attracts and retains workers in the region and reduces labour turnover rates.

## PUBLIC ADMINISTRATION

Public administration: One sector that often goes unacknowledged when taking stock of local economic strengths is public administration. At the last Census, there were over 900 people working in this sector (not including Defence). This includes local, State and Commonwealth government agencies, as well as Fulham Correctional Centre. This sector has several distinct advantages including stable employment.

## STRENGTHS AND WEAKNESSES

The Wellington Economic Development Strategy 2016 – 2022 (EDS) identified that:

- Wellington has both diversity and specialisation meaning it does not rely on just one industry sector for its economic security. Its benefits from specialisation in agribusiness, defence, oil and gas, public administration and health, which, together employ around 60% of the workforce;
- There is a growing number of people who are choosing to live in Wellington and commute to other parts of Gippsland for work (primarily Latrobe);
- Notwithstanding the stability, there are still some challenges:
  - Some of Wellington's major industries are quite mature and therefore not expected to contribute to job growth in a significant way in the future;
  - The level of commuting shows that there is relatively high economic integration within the region. This integration strengthens the local economy by creating bigger labour pools to draw from and consumer markets to sell into. However, it comes at the cost of lower employment self-containment and self-sufficiency;
  - The number of university educated residents is steadily growing, but, from a low base, with the number of young graduates lower than for the rest of rural Victoria;
  - The proportion of working age residents is higher than for the rest of rural Victoria, but, overall, population growth is low. In fact, according to the State Government forecasts, it is at the lower end of the expected range for Gippsland;
  - Infrequent rail services between Melbourne and Sale/Bairnsdale will hamper economic growth in the region.

Figure 2 compares the local strength and estimated growth potential of the major industry sectors and subsectors in Wellington. The following sectors are identified as having both 'industry growth potential' and 'local competitive strengths':

- Aviation and Defence;
- Dairy cattle farming;
- Mining support; and
- Intensive agriculture.

Other industries with growth potential include forestry support, mineral product manufacturing, cement manufacturing, food and beverage services, heavy and civil engineering, and medical and other healthcare.

**FIGURE 2** LOCAL INDUSTRY STRENGTH AND ESTIMATED GROWTH POTENTIAL



Source: Wellington Economic Development Strategy 2016 - 2022

### INFRASTRUCTURE AS A DRIVER OF FUTURE GROWTH

The EDS highlights the importance of infrastructure and land supply in supporting economic and industrial development, including:

- The Macalister Irrigation District (MID) 2030 project has already delivered a substantial upgrade to one of Australia's most important irrigation infrastructure assets. It continues to increase agricultural output and investment, particularly in dairy, but increasingly in intensive horticulture. There is still some way to go to expand the system to its fullest potential, and given the likely impact of climate change on water security, the MID, and the region is an important agricultural asset;
- The duplication of the Princes Highway is making the journey to Traralgon and Melbourne safer and faster, improving connectivity for business travelers, freight and visitors. Better passenger rail services will further improve this connectivity;
- The Sale Alternate road route is important for Gippsland, but comes with the challenge of minimising any negative consequences for Sale itself;
- The EDS highlighted the importance of maintaining commercial and industrial land audits to monitor emerging and declining industries. Previous audits have found that although there is enough industrial land in the Shire to meet foreseeable demand, it is not all ideally located to be attractive to business; is not necessarily made up of the right lot sizes, or is not well serviced.

### 3.4. TRENDS, PROJECTIONS AND MAJOR PROJECTS

The following trends and projections for employment and industry changes are noted:

- Employment in Sale and Wurruk has increased by approximately 500 jobs over the past 10 years, with the greatest increases recorded in the Healthcare, Retail Trade, and Education and Training sectors. Industrial sectors have experienced mixed employment change, with small increases in Construction, Transport and Wholesale Trade employment offset by decreases in Manufacturing and Mining. The number of industrial businesses based in Sale has also increased slightly over the past 2 years, however some industries have contracted (e.g. Transport and Wholesale Trade).<sup>5</sup>
- Regional employment projections are for a decline in employment over the next 5 years in the Manufacturing and Mining industries (decrease of 600 jobs), offset by a projected increase in Construction, Transport, and Rental, hiring and real estate services employment (+ 600 jobs).<sup>6</sup>
- Population growth is projected to continue in Wellington Shire and Sale, with a rate of around 1% per annum projected for Sale (an additional 153 residents per annum). If realised, this level of growth would generate incremental increases in demand for local industrial land.

Importantly, several strategic infrastructure and other projects are underway or proposed in Wellington Shire and Sale which may present new business opportunities and flow on impacts for the Sale economy, including:

- West Sale Aerodrome expansion;
- East Sale RAAF base expansion and consolidation of a national training role;
- Princes Highway duplication and improvements to the railway line between Melbourne and Traralgon;
- A potential future alternative truck route which would bypass Sale via the Sale-Heyfield Road;
- Investment by Wellington Shire as part of the Port of Sale Precinct Redevelopment; and
- Planned and potential strategic infrastructure investment at the south-eastern fringe of Melbourne, including an expanded Port of Hastings and the prospect of a new airport at Koo Wee Rup.

However, a number of issues have created significant uncertainty regarding the short and long-term prospects of major industries near Sale, including:

- Closures and uncertainty relating to the future role of the coal mining / energy production industry in Latrobe;
- Reduced timber allocation to the Australian Sustainable Hardwoods mill in Heyfield;
- Milk price volatility impacting dairy farmers across Wellington Shire (and Victoria); and
- Industrial relations disputes and changing labour sourcing practices within Wellington's oil and gas industry.

Table 1 shows the unemployment rate for Wellington Shire and surrounding municipalities. This shows that over the last 6 years there has been an increasing trend in unemployment across the municipality, a trend which can be seen in all municipalities in the Gippsland region over this period. Despite this, Wellington remains with one of the lower rates of unemployment in the region.

---

<sup>5</sup> Australian Bureau of Statistics, 8165.0 - Counts of Australian Businesses, including Entries and Exits, Jun 2012 to Jun 2016.

<sup>6</sup> Australian Government Department of Employment, 2016 Regional Projections.

**TABLE 1** UNEMPLOYMENT RATE, LATROBE-GIPPSLAND SA4, MARCH 2011-2017

Local Government Area	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17
East Gippsland	5.4%	5.4%	5.7%	6.2%	6.1%	8.0%	8.7%
<b>Wellington</b>	<b>4.6%</b>	<b>4.2%</b>	<b>4.3%</b>	<b>4.5%</b>	<b>4.9%</b>	<b>6.1%</b>	<b>6.6%</b>
Latrobe	7.5%	6.5%	6.7%	7.2%	7.0%	9.4%	10.2%
Baw Baw	3.6%	3.5%	3.6%	4.0%	3.7%	4.7%	5.0%
South Gippsland	3.4%	3.1%	3.2%	3.7%	3.5%	4.5%	4.8%
Bass Coast	5.0%	4.3%	4.7%	5.8%	5.7%	7.3%	7.7%

Source: Small Area Labour Markets, March Quarter, 2017

Employment projections for the broader Gippsland region suggest that there is to be little to no net employment growth in industries that require industrial land in the short term, primarily due to structural transition occurring in the energy and mining industries and flow-on impacts.

Employment projections for the Gippsland-Latrobe SA4 region project declines in employment in the Mining and Manufacturing industries, while Construction, Wholesale Trade and Transport, Postal and Warehousing are projected to experience minor increases. Rental, Hiring and Real Estate services is expected to experience a large increase relative to the size of the industry, however most of this employment is unlikely to be experienced in industrial zones.

Although projections indicate weak industrial growth in the short term, structural changes in the economy may present the opportunity for reinvestment in other industries based on government investment and the availability of labour and local produce.

**TABLE 2** PROJECTED EMPLOYMENT BY INDUSTRY IN GIPPSLAND-LATROBE, NOVEMBER 2020

Industry	Employment level Nov-2015 ('000)	Department of Employment Projections		
		Projected employment level - Nov-2020 ('000)	Projected employment growth - five years to November 2020	
			('000)	(%)
Agriculture, Forestry and Fishing	16.3	16.8	0.5	2.8
Mining	1.4	1.3	-0.2	-11.2
Manufacturing	8.1	7.7	-0.4	-4.8
Electricity, Gas, Water and Waste Services	3.5	3.5	0.0	0.4
Construction	12.1	12.4	0.2	2.0
Wholesale Trade	2.9	2.9	0.0	1.6
Retail Trade	13.5	14.6	1.2	8.7
Accommodation and Food Services	9.4	10.6	1.2	12.9
Transport, Postal and Warehousing	4.1	4.3	0.2	5.9
Information Media and Telecommunications	1.1	1.2	0.0	3.8
Financial and Insurance Services	2.2	2.3	0.1	4.7
Rental, Hiring and Real Estate Services	1.1	1.3	0.2	15.4
Professional, Scientific and Technical Services	4.2	4.3	0.1	3.2
Administrative and Support Services	3.9	4.1	0.2	5.5
Public Administration and Safety	7.9	8.1	0.2	2.4
Education and Training	8.3	8.4	0.1	0.9
Health Care and Social Assistance	13.9	16.4	2.5	17.8
Arts and Recreation Services	1.6	1.7	0.1	4.2
Other Services	4.3	4.3	0.0	-1.1

Source: ABS labour force region - SA4 data, 2016 Regional Projections to November 2020.



### 3.5. KEY FINDINGS

The key findings of this section are as follows:

- The key economic strengths of Wellington generally include defence, aviation, high quality agricultural land and oil and gas production;
- The Wellington Shire economy is relatively well diversified and is not reliant on a single industry to support the region, however many established industries are relatively mature and unlikely to drive major economic and employment growth;
- Major infrastructure investment is protecting existing strengths in high quality irrigated agricultural land and enhancing access and proximity to markets through improved road and rail infrastructure;
- Council expects economic opportunities to be generated in the industries of Aviation and Defence, Dairy cattle farming, Mining support; and Intensive agriculture;
- Sale plays an important role as a major service centre for the region, and as an industrial base for the major industries nearby, particularly oil and gas; and
- Improvements and expansions of existing aviation infrastructure near Sale, including the East Sale RAAF Base and the West Sale Aerodrome, is likely to drive new economic opportunities in the aviation and related industries in Sale.

## 4. INDUSTRIAL LAND SUPPLY

### 4.1. INTRODUCTION

This section provides an assessment of the existing supply of industrial land in Sale and Wurruk, as well as an overview of previous land supply studies for the area. This analysis focuses primarily on land in the Industrial 1 Zone, with a secondary review of land in the Commercial 2 Zone.

### 4.2. PREVIOUS LAND SUPPLY ASSESSMENTS

Previous assessments of industrial land supply in Sale are summarised as follows (noting that these reports considered land in the Industrial 1 Zone only):

- **Sale Industrial & Bulky Goods Zone Areas Review**, David Langmore (2004). The report identifies that there was approximately 100 hectares of IN1Z land in Sale. Of this zoned land, 28.8ha was identified as vacant industrial land. The report recommended that approximately 40-50 hectares of suitable land be rezoned to industrial zones. The period of projection for this report was 20 years;
- **Sale Industrial land and Retail Assessment**, Essential Economics (2006). As at 2006, Essential Economics identified that Sale had 100ha of industrial land, 22ha of which was potentially available for industrial development. It was estimated by Essential Economics that there would be demand for 60ha of industrial land by 2031 (25-year projection), meaning that approximately an additional 50ha of land would need to be rezoned to accommodate for annual growth, strategic development sites and relocation or expansion of existing businesses;
- **Industrial and Business Zones Review**, Coomes Consulting (2007). Adopted the same industrial land requirements of 50ha, plus bulky goods land requirement of 10-15ha. The West Sale Aerodrome site was identified as the preferred location for industrial rezoning.

### 4.3. CURRENT LAND SUPPLY

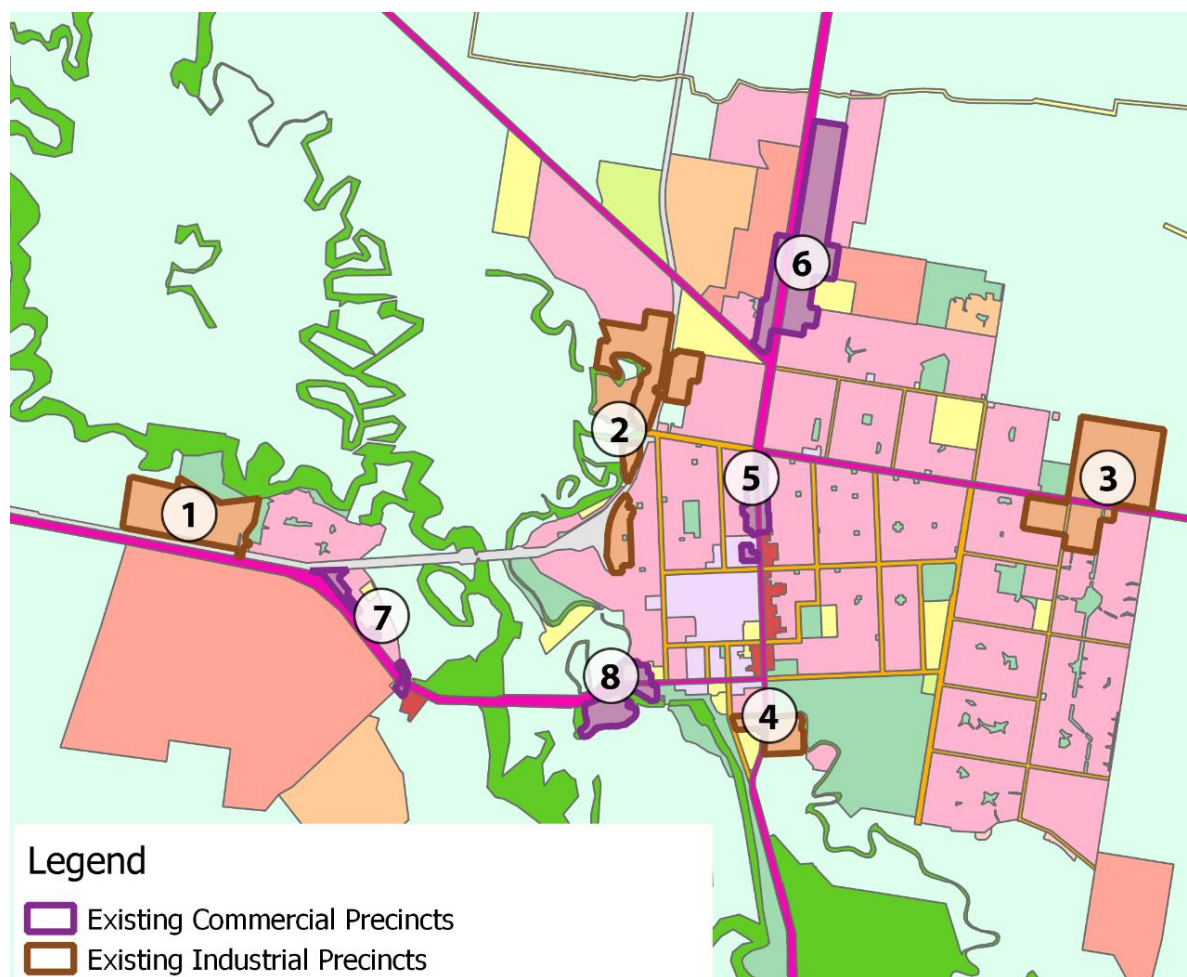
An audit of industrial land was undertaken by Urban Enterprise in August 2017 based on Council's rates database and verified through site visits.

It is estimated that there is currently 90.8 hectares of land in the Industrial 1 Zone in Sale, 71.1 hectares of which is occupied, and 18.7 hectares is vacant. 46.3 hectares of land is within the Commercial 2 Zone, 18.8 hectares of which are vacant and unconstrained.

Figure 3 shows the location of the existing industrial and commercial precincts in Sale and Wurruk. Each are located and labelled with an identification number and a precinct name. Land supply information is summarised in Table 3.

It is important to note that one industrial rezoning has occurred since the previous reports were prepared. In 2017, Amendment C51 rezoned approximately 7 hectares of unused public land from the Industrial 1 Zone to the Farming Zone and Public Park and Recreation Zone north of Raglans Street and west of Saleyards Road (to the west of Precinct 2). The supply figures in this assessment do not include the land formerly in the IN1Z in that area. This is likely to be the cause of some discrepancy in the supply figures of this assessment and previous assessments.

**FIGURE 3** LOCATIONS OF EXISTING INDUSTRIAL AND COMMERCIAL PRECINCTS, SALE AND WURRUK



Source: Urban Enterprise, 2017.

**TABLE 3** EXISTING INDUSTRIAL LAND SUPPLY BY PRECINCT, SALE, 2017

ID	Industrial Precincts (IN1Z)	Occupied	Vacant	Constrained	Total	% of sub-total	Vacancy (%)
1	Wurruk	18.6	3.9	0	22.5	25%	17%
2	Sale West	22.6	3.5	0	26.1	29%	13%
3	Sale East	25.2	10.7	0	35.9	40%	30%
4	Sale South	4.7	0.6	1.0	6.3	7%	10%
	<b>Sub Total</b>	<b>71.1</b>	<b>18.7</b>	<b>1.0</b>	<b>90.8</b>		<b>21%</b>
	<b>Commercial Precincts (C2Z)</b>						
5	Sale CBD	4.4	0.4	0	4.8	10%	8%
6	Sale North	12.3	18.3	0	30.6	66%	60%
7	Wurruk East	2.2	0.1	0	2.3	5%	4%
8	Sale South West	8.5	0	0	8.5	18%	0%
	<b>Sub Total</b>	<b>27.5</b>	<b>18.8</b>	<b>0</b>	<b>46.3</b>		<b>41%</b>
	<b>Total</b>	<b>98.1</b>	<b>37.5</b>	<b>1.0</b>	<b>136.6</b>		<b>27%</b>

Source: Wellington Shire Council Rates Data, 2017

## LOT SIZE PROFILE

Table 4 shows the distribution of lot sizes within each precinct and Table 5 identifies the distribution of lot sizes of only the vacant parcels within these precincts. Analysis of the tables shows:

- More than 80% of industrial lots are less than 0.5 hectares in size and none are larger than 10 hectares;
- Only 2 vacant industrial lots are greater than 1 hectare, one of which (Sale East – Wellington Business Park) is proposed to be subdivided for smaller lots and the other is owned by Gippsland Grammar and is not currently advertised for sale. This indicates a lack of capacity within the existing precincts to cater for medium and large strategic businesses to locate in Sale; and
- There are 21 smaller vacant industrial lots (less than 0.5 hectares) dispersed across Sale and Wurruk. These are mostly the remaining undeveloped lots from older subdivisions.

Figure 4 shows the location of the vacant industrial and Commercial 2 lots.

**TABLE 4** PARCEL SIZE BY PRECINCT, SALE AND WURRUK, 2017

Size Category	Small		Medium		Large		
Industrial Precinct (Parcel size)	0 - 0.1	0.1 - 0.5	0.5 - 1	1 - 2	2 - 10	10+	Total
Wurruk	0	26	5	2	1	0	34
Sale West	12	15	5	6	2	0	40
Sale East	18	66	4	5	1	0	94
Sale South	1	7	3	1	0	0	12
<b>Sub-total</b>	<b>31</b>	<b>114</b>	<b>17</b>	<b>14</b>	<b>4</b>	<b>0</b>	<b>180</b>
Commercial Precinct (C2Z)	0 - 0.1	0.1 - 0.5	0.5 - 1	1 - 2	2 - 10	10+	Total
Sale CBD	17	11	1	0	0	0	29
Sale North	25	23	6	3	0	1	58
Wurruk East	2	2	1	1	0	0	6
Sale South West	4	4	1	1	1	0	11
<b>Sub-total</b>	<b>17</b>	<b>11</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>104</b>
<b>Total</b>	<b>79</b>	<b>154</b>	<b>26</b>	<b>19</b>	<b>5</b>	<b>1</b>	<b>284</b>
% of Total	28%	54%	9%	7%	2%	0%	

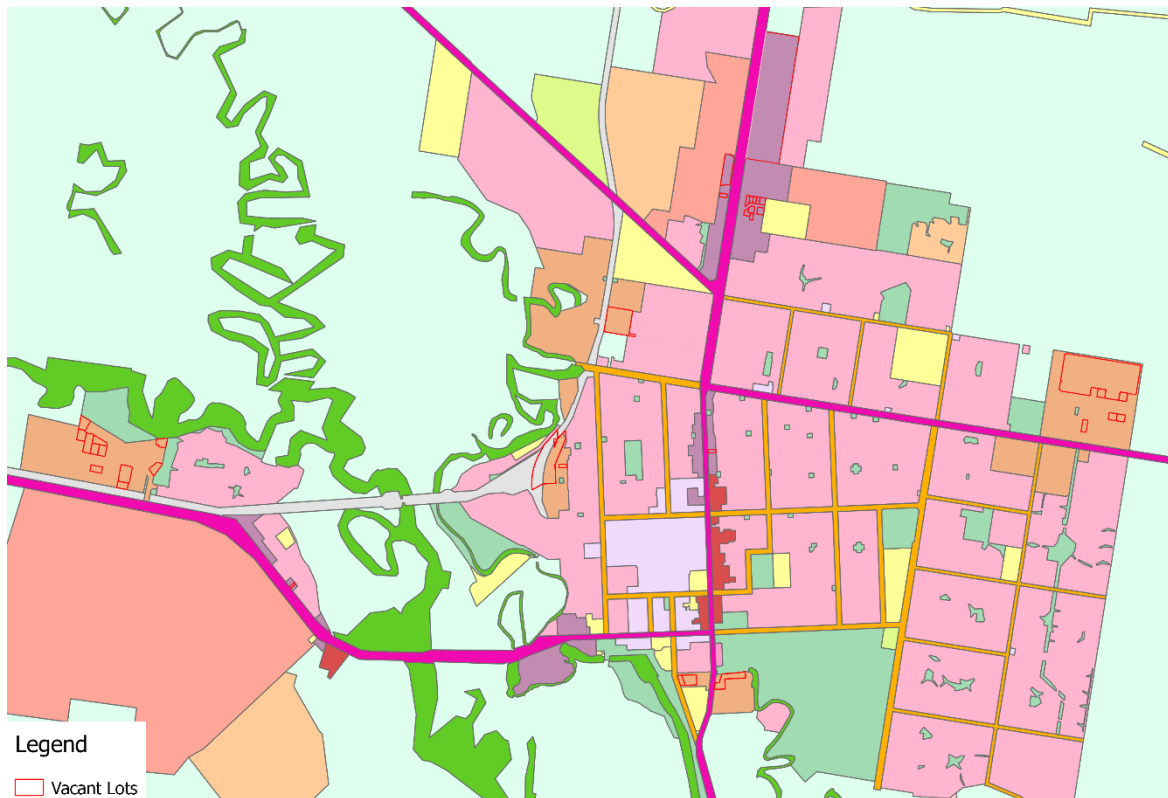
Source: Wellington Shire Council, 2017

**TABLE 5** VACANT LOT PARCEL SIZE BY PRECINCT, SALE AND WURRUK, 2017

Size Category	Small		Medium		Large		
Industrial Precinct (Parcel size)	0 - 0.1	0.1 - 0.5	0.5 - 1	1 - 2	2 - 10	10+	Total
Wurruk	0	9	2	0	0	0	11
Sale West	1	1	1	0	1	0	4
Sale East	0	6	0	0	1	0	7
Sale South	1	3	1	0	0	0	5
<b>Sub-total</b>	<b>2</b>	<b>19</b>	<b>4</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>27</b>
Commercial Precinct (C2Z)	0 - 0.1	0.1 - 0.5	0.5 - 1	1 - 2	2 - 10	10+	Total
Sale CBD	2	1	0	0	0	0	3
Sale North	4	9	0	1	0	1	15
Wurruk East	1	0	0	0	0	0	1
Sale South West	0	0	0	0	0	0	0
<b>Sub-total</b>	<b>7</b>	<b>10</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>19</b>
<b>Total</b>	<b>9</b>	<b>29</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>46</b>
% of Total	20%	63%	9%	2%	4%	2%	

Source: Wellington Shire Council, 2017

**FIGURE 4** LOCATION OF VACANT LOTS IN EXISTING PRECINCTS, SALE AND WURRUK



Source: Urban Enterprise, 2017

### UNOCCUPIED INDUSTRIAL SITES

There were a number of industrial sites that were observed on the site visit to be unoccupied but not vacant, including two large strategic sites:

- The former Nylex site in Precinct 2; and
- The former Avon Building Supplies site in Precinct 4.

These sites have not been included as 'vacant' supply as they do not represent a site that any business could immediately occupy and operate from given the substantial depreciated improvements on the site. These sites could provide a suitable location for certain larger businesses, however significant costs would be incurred in order to make the site fit for the new purpose. Unless specific locational advantages are seen in occupying established unoccupied sites, new businesses would more commonly seek vacant greenfield sites that can be improved to meet the specific needs of that business.

The former Avon Building Supplies site and surrounding land in Precinct 4 is identified in the Structure Plan as a 'Future Urban Residential' area and therefore is unlikely to play a role in providing industrial land supply in the future.

## 4.4. INDUSTRIAL PRECINCT PROFILES

This section provides an analysis of the conditions within existing industrial precincts in Sale and Wurruk based on Council's rates database, Australian Business Register data, Remplan Economy Data (for Council) and site visits. Some gaps in the ABR data are apparent however this data provides a reasonable overview of the type of businesses which occupy each precinct.

### 4.4.1. WURRUK

#### LAND SUPPLY

- 22.5 hectares of zoned IN1Z land;
- A dedicated industrial subdivision;
- Many sites are occupied, however 3.9 hectares of land remains vacant in 11 properties (9 of which are less than 0.5ha);
- Lots commonly between 0.1 to 0.5 hectares, with only three larger lots over 1 hectare in area.
- One large lot greater than 2 hectares occupied by engineering facility 'Rotafab'.

#### BUSINESSES AND EMPLOYMENT

As shown in Table 6, the most common business types are within the Construction, Other services, Manufacturing and Transport industries. Employment is primarily in the Manufacturing and Construction industries. A number of large format manufacturing business are located in this area which serve the oil and gas industry.

**TABLE 6** BUSINESS ACTIVITY AND EMPLOYMENT BY INDUSTRY, WURRUK

Industry	Number of businesses	% of Total	Employment %
Construction	3	15%	13%
Manufacturing	3	15%	22%
Other Services	3	15%	9%
Transport, Postal and Warehousing	3	15%	6%
All other industries	8	40%	50%
<b>Total</b>	<b>20</b>		

Source: Australian Business Register, 2017; Remplan Economy, 2017.

#### INTERFACES

This precinct has interfaces with the Thomson River to the north, residential properties to the west, farming land to the west and the Melbourne to Bairnsdale rail-line to the south. Residential land in Wurruk is located to the south of the Princes Highway, with a separation distance of more than 100m. The western boundary of the area is separated from the residential zone by approximately 60m of parkland. An active recreation reserve is located to the north of the industrial area.

Overall there is good separation between the industrial uses and sensitive uses and no apparent interface issues.

#### ACCESS

The industrial properties do not share road use with the residential properties with a designated road (Hunt Place) providing access to the precinct from the Princes Highway via a roundabout. No access issues are apparent.

#### 4.4.2. SALE WEST

##### LAND SUPPLY

- This precinct has a total of 27.1 hectares of industrial land across four separate areas;
- There is 3.5 hectares of vacant land across four properties, although the largest vacant property (more than 2 hectares) is owned by the nearby Gippsland Grammar School;
- The majority of the properties are less than 0.5 hectares, with 6 lots between 1 to 2 hectares;
- 2 large lots (greater than 2 hectares), occupied by the stock saleyards a vacant site owned by Gippsland Grammar School.

##### BUSINESSES AND EMPLOYMENT

Two major types of business activity are prominent in this area: Construction and Other Services, as shown in Table 7.

**TABLE 7** BUSINESS ACTIVITY BY INDUSTRY, SALE WEST 2017

Industry	Number of businesses	% of Total	Employment %
Construction	7	30%	10.7%
Other Services	7	30%	9.1%
Retail Trade	3	13%	15.6%
All Other	6	26%	64.6%
<b>Total</b>	<b>23</b>		

Source: Australian Business Register, 2017:

##### INTERFACES

There are a number of interfaces with sensitive uses throughout the precinct. The northern and southern industrial properties directly abut residential properties. The majority of sites are within 300 metres of residential areas, indicating the interface conflicts are likely to occur in this area.

##### ACCESS

Road access to the precinct is primarily via the busy Saleyards Road, which is not proximate to any arterial roads or the Princes Highway. Residential traffic also utilises this road through connections with Dawson Street and Cemetery Road. The rail-line dissects the precinct and provides a barrier to movement.

Overall, large vehicle access to the precinct from main roads is poor and a number of access conflicts are apparent.

#### 4.4.3. SALE EAST

##### LAND SUPPLY

- The precinct includes the Wellington Business Park and contains the largest amount of industrial land of any precinct (35.9 hectares);
- The precinct includes land both north and south of Raglan Street;
- A total of 10.7 hectares is vacant, most of which is at the north-eastern part of the precinct which is being progressively subdivided to create smaller lots (approximately 2,000 sqm);
- Most lots in this area are relatively small (70% are between 0.1 and 0.5 hectares);
- One 'balance' lot is more than 5 hectares which is proposed for further subdivision in the future;

- This precinct has 6 vacant lots, all sized between 0.1 and 0.5 hectares.

## BUSINESSES AND EMPLOYMENT

The most common industry of businesses operating in the precinct is Construction. GBG Concrete & Construction occupies approximately 5 hectares of land in the Wellington Business Park. Many new businesses in the area (occupying newly constructed small warehouse / office premises) are commercial or recreational in use, including a number of businesses associated with aviation and the RAAF base in East Sale (eg. flight simulators).

**TABLE 8** BUSINESS ACTIVITY BY INDUSTRY, SALE EAST2017

Industry	Number of businesses	% of Total	Employment %
Construction	10	19%	27.1%
Professional, Scientific and Technical Services	7	13%	2.0%
Wholesale Trade	6	11%	2.4%
Retail Trade	6	11%	3.0%
All Other	24	45%	65.5%%
<b>Total</b>	<b>53</b>		

Source: Australian Business Register, 2017; Remplan Economy, 2017.

## INTERFACES

The Wellington Business Park primarily interfaces with farming land to the north and east. To the west, there is a separation of approximately 200 metres to any sensitive uses (residential), indicating limited chances of interface conflicts.

South of Raglan Street, however, industrial land directly abuts residential properties on three sides presenting a clear interface conflict and a high likelihood of conflicts associated with noise, light and other issues.

## ACCESS

Access to the Wellington Business Park is good for large vehicles from Raglan Street, a Council arterial road, which connects the Princes Highway to the RAAF Base in East Sale. South of Raglan Street, the access points to the industrial and residential areas are shared.

The access is appropriate for a secondary industrial area, however access is not optimal for larger businesses and transport oriented uses which would generally seek direct or proximate access to a major highway without the need to travel through a major centre or utilise other access roads.

### 4.4.4. SALE SOUTH

#### LAND SUPPLY

- This small precinct has a total of 6.3 hectares;
- 1.6 hectares is currently vacant, with approximately 1 hectare of this supply being constrained by the Land Subject to Inundation Overlay (LSIO). Some former warehouses have recently been demolished, with these parcels now vacant;
- There are only 12 lots in this precinct, most between 0.1 and 0.5 hectares. There is only one lot greater than 1 hectare in size;
- There are 4 vacant parcels, 3 of which are between 0.1 and 0.5 hectares.



The former Avon Building Supplies site and surrounding land in Precinct 4 (Sale South) is identified in the Structure Plan as a 'Future Urban Residential' area and therefore is unlikely to play a role in providing industrial land supply in the future.

## BUSINESSES AND EMPLOYMENT

The most prevalent business industry is Other Services, which are largely mechanical and automotive services. Education and training, Public administration & safety and Manufacturing industries are also represented, along with wood product manufacturing and a maintenance depot for Gippsland Grammar.

**TABLE 9** BUSINESS ACTIVITY BY INDUSTRY, SALE SOUTH 2017

Industry	Number of businesses	% of Total	Employment %
Other Services	4	44%	2.4%
Education and Training	1	11%	14.2%
Manufacturing	1	11%	1.3%
Public Administration & Safety	1	11%	40.0%
All Other	3	33%	42.1%
<b>Total</b>	<b>9</b>		

Source: Australian Business Register, 2017.

## INTERFACES

Interfaces with sensitive uses exist to the south of the precinct, with residential properties separated from the industrial area by Stephenson Street. Relatively new residential lots to the south east are all within 200m of the existing industrial area, presenting a potential land use conflict.

The northern edge of the main industrial area has a small landscape buffer of 50 metres. The interface at McMillan Street has residential properties accessed from the same street as industrial properties, however industrial uses in this area are light (maintenance depot and storage sheds).

## ACCESS

The precinct is well located adjacent to the South Gippsland Highway, providing direct large vehicle access. Some access conflicts with residential traffic exist on McMillan and Stephenson Streets, however. The precinct has reasonable proximity to the Princes Highway however proximity to the CBD limits efficiency of this access to the freeway network in both directions.

## 4.5. COMMERCIAL PRECINCTS

The extent to which land currently in the Commercial 2 Zone provides appropriate opportunities for industrial land use is summarised as follows:

- C2Z land in the Sale CBD occupies a total of 4.8 hectares, with only 0.4 hectares vacant. All vacant lots are less than 0.5ha. The central location within the township and the access to the main road contributes to the high occupancy rate, generally by retail and highway sales businesses;
- C2Z in Sale North is the largest concentration of land in that zone, with a total of 30.6 hectares of zoned land north of the Sale CBD, 18.3 hectares of which is vacant and yet to be developed. A number of vacant lots exist in this precinct, however all (except for the large strategic development site) are less than 0.1 hectares in size;
- C2Z land in Wurruk East covers 2.3 hectares, of which only 0.1 hectares is vacant. The precinct comprises a small cluster of dated showroom and office premises, along with a school;

- C2Z land in the south-west of Sale includes a total of 8.5 hectares and is fully occupied, except for one major disused site on the south side of the Princes Highway. Many businesses in this area fulfil an industrial role, including warehousing, along with showrooms, highway sales and a caravan park.

Overall, commercial precincts do not provide appropriate opportunities for new or expanded light industrial uses which are permitted in the zone. Commercial 2 Zone areas are generally well occupied by large format retail uses and highway sales. Two large development sites bookend the town – although these sites may be broadly suitable for industrial use, it is expected that the highest and best use of these sites is likely to be commercial / retail given the relative lack of alternative available land supply across Sale for those land uses.

#### **4.6. KEY FINDINGS**

- Industrial land in Sale is fragmented across multiple precincts, many with interface conflicts with nearby residential uses and poor transport accessibility;
- There is approximately 19ha of vacant industrial land in Sale at present across 4 precincts, along with a number of larger sites that are either underutilised or disused (eg. Nylex);
- Only one industrial area in Sale is being progressively subdivided to create new industrial lots (Sale East). This area is predominantly providing new lots in small stages, typically 1,500 – 3,000sqm in area;
- There have been no additions to the industrial land supply stock in recent years (i.e. through rezoning);
- Gaps identified in the existing land supply primarily relate to the lack of opportunities for large format industrial sites with separation from sensitive uses and ready access to major roads. The land size gaps are primarily in the medium to large lot sizes of 0.5-1ha, 1-2ha and 2ha+;
- Business activity in existing precincts is commonly within the construction industry, with manufacturing, professional, scientific and technical services and other services playing a secondary role;
- Overall, most industrial precincts have relatively poor main road access and interface issues. Only the Wurruk and Sale East precincts are considered appropriate and available to provide any meaningful opportunities to new industrial businesses, along with the potential strategic opportunities associated with large businesses seeking to occupy currently disused major properties such as the Nylex site;
- There are only two sites for strategic supply (Wellington Business Park and a site owned by Gippsland Grammar School) identified as appropriate for new large industrial businesses. One of these is proposed to be progressively subdivided over time (Wellington Business Park) and the other does not appear to be on the market with no guarantee to be made available for industrial purposes (Gippsland Grammar);
- The remaining supply of land available for small and medium business currently has a total area of approximately 9 hectares across 25 smaller lots;
- Given that investors and businesses typically prefer to locate on newer, higher quality lots, rather than existing lots with improvements or interface / access issues, there is a distinct lack of the type of land that would be attractive to new industrial businesses in Sale. The ongoing subdivision of Wellington Business Park is the only location where this type of land is being made available.

## 5. INDUSTRIAL LAND DEMAND

### 5.1. INTRODUCTION

In regional areas, demand for industrial land typically falls within two broad categories:

- Large regional/export industrial businesses, generally requiring large sites in proximity to transport infrastructure and separate from residential areas; and
- 'Local industrial' businesses that primarily serve demand generated by the local population. This type of business activity is generally closely linked to the scale of the local population and growth and requires smaller lots that are accessible to local residents and businesses, often close to the town centre.

The drivers of demand and the specific needs of businesses in each category can vary considerably. This section provides an analysis of demand for each type of industrial land, drawing on a range of data sources including population growth, building construction activity, employment projections, observed land consumption rates and discussions with real estate agents, developers and Council's Business Development Unit.

Please refer to **Attachment A** for data sources and geographic areas.

### 5.2. CONSULTATION

The findings of consultation regarding industrial land demand are summarised as follows:

- Council has received strong interest about the availability of larger industrial lots in the Sale and Wellington Shire area, however there are no suitable lots available in Sale at present which could meet the needs of those interested parties which has precluded any major new businesses locating in the area in the past year. There were 15 enquiries in regards to industrial land in the last 12 months, including:
  - 24 ha site for food and beverage manufacturing;
  - 7,000sqm - Large electrical manufacturing company;
  - Food Beverage and Training company;
  - 2 Pharmaceutical companies requiring future potential processing facilities;
  - 10 ha Defence industry facility;
  - 3 Horticultural processing facilities;
  - Timber manufacturing;
  - Manufacturing hub/industrial centre;
  - 2 Aquaculture processing facilities;
  - Irrigation product manufacturing facility;
  - Large solar farm;
- Enquiries for larger industrial lots are typically related to industries associated with agriculture (eg. hydroponics, broiler farms), food processing (eg. milk processing) and specialised manufacturing;
- Most larger industrial businesses state that their primary location need is 'market access', including air, road and rail connections to Melbourne, interstate and overseas, when investigating potential sites in Wellington;
- The proposed heavy vehicle bypass presents a significant opportunity to co-locate new industrial land with a designated freight / heavy vehicle route;
- The "local" industrial market is relatively subdued in Sale and Wurruk at present, however moderate demand has been experienced in recent years for new smaller industrial lots recently created in the Wellington Business Park. 5 smaller lots (approximately 2,000sqm) sold over the past 18 months, in addition to one

larger lot (1ha) which was used to accommodate the expansion of an existing business. This has resulted in land consumption of approximately 2ha over 18 months in this area;

- Demand in Wellington Business Park is often linked to companies servicing the aeronautical industry associated with the East Sale RAAF Base (eg. flight simulators, training providers);
- Industrial land demand in Sale is primarily driven by existing businesses seeking a site to move from leasing to owner occupation;
- Industrial land sales in Wurruk have been limited in recent years and have only achieved low land prices (only 1 sale in past 18 months despite a number of lots being on the market). Most businesses in Wurruk serve the off-shore mining industry which is not strongly active at the moment;
- The majority of demand for industrial land in Sale is for areas close to town. Wurruk is appropriate for larger businesses but demand is weak at present for the mid-sized lots that are available in this area;
- The lack of larger lots is a significant gap in the local land supply, and despite the advantages of being close to town many existing industrial areas are not well located to transport routes;
- Consultation with DEDTJR Earth Resources identified that industrial land is important in supporting earth resource related industries (such as concrete batching plants), particularly those minerals in the surrounding local area.

### 5.3. PREVIOUS LAND CONSUMPTION ASSESSMENTS

Previous assessments suggest that a combined total of approximately 2.8-3.5ha/annum is required for both local and strategic industrial demand in Sale and Wurruk.

### 5.4. POPULATION AND EMPLOYMENT GROWTH

#### POPULATION

Sale's population has increased at a moderate rate over the past 10 years (0.59% per annum), with the growth rate slowing over the past 5 years (0.47% p.a.). The rate of growth in Sale has been slightly lower than the rate experienced across the municipality, as shown in Table 10.

**TABLE 10** ESTIMATED RESIDENTIAL POPULATION, SALE SA2, 2006-2016

Area	2006	2011	2016	Population growth (2006-2016)	Average Annual Change	Percentage average change
Wellington (LGA)	40,525	41,960	43,354	+2,829	+283	0.68%
Sale (SA2)	13,942	14,441	14,783	+841	+84	0.59%

Source: Census, 2006, 2011, 2016

The Sale population is projected to increase at a higher rate over the coming years than recent growth rates. Victoria in Future projects that Sale Town (including Wurruk) can expect an additional 2,300 residents in the next 15 years as shown in Table 11, a growth rate of almost 1% per annum. This projected increase in population growth is likely to lead to an increase in population-driven demand for industrial land in Sale over the next 15 years.

**TABLE 11** PROJECTED POPULATION GROWTH, WELLINGTON AND SALE VIFSA, 2016-2031

Area	2016	2031	Population growth (2016-2031)	Average annual change (no.)	Average annual change (%)
Wellington (S)	41,923	45,153	+3,230	+215	0.50%
VIFSA Sale Town	14,771	17,062	+2,291	+153	0.97%

Source: Victoria In Future, 2016.

## EMPLOYMENT

Table 12 shows the employment by industry of workers in Sale (SLA and SA2) between 2006 and 2011. Employment in Sale and Wurruk increased by 862 jobs between 2006 and 2011, which equates to an average increase of 172 jobs per annum. Census data for 2016 is to be released in October 2017.

The major drivers of employment growth from 2006 to 2011 were the Health Care and Social Assistance, Accommodation and Food Services and Construction industries. The overall increase in employment in industries typically requiring industrial land was +173 jobs over the period.

**TABLE 12** EMPLOYMENT BY INDUSTRY SALE SLA AND SA2, 2006-2011

Industry	2006 (Sale SLA)	2011 (Sale SA2)	Change in Employment
Manufacturing	352	350	-2
Construction	400	521	+121
Wholesale Trade	118	151	+33
Rental, Hiring and Real Estate Services	82	103	+21
<b>Industrial Sub-Total</b>	<b>952</b>	<b>1,125</b>	<b>+173</b>
Agriculture, Forestry and Fishing	30	35	+5
Electricity, Gas, Water and Waste Services	47	69	+22
Mining	176	194	+18
Retail Trade	1189	1,201	+12
Accommodation and Food Services	470	589	+119
Transport, Postal and Warehousing	164	180	+16
Information Media and Telecommunications	72	47	-25
Financial and Insurance Services	141	142	+1
Professional, Scientific and Technical Services	234	276	+42
Administrative and Support Services	161	188	+27
Public Administration and Safety	461	529	+68
Education and Training	640	732	+92
Health Care and Social Assistance	1102	1,346	+244
Arts and Recreation Services	74	92	+18
Other Services	288	342	+54
<b>Total</b>	<b>6,285</b>	<b>7,147</b>	<b>+862</b>

Source: ABS Census, 2006 & 2011 Note: Data areas for employment changes between 2006 and 2011. 2006 data is based on the Sale SLA, while the 2011 data uses the Sale SA2. The SA2 at 2011 incorporates a slightly larger portion of land to the south west of Wurruk which is primarily farming land and therefore unlikely to affect the comparison in any material way (with the exception of the Kilmarny Park Function Centre).

## PROJECTING INDUSTRIAL EMPLOYMENT AND LAND DEMAND

As at 2011, there were 1,125 jobs in industries likely to require industrial land in the Sale SA2 (including Wurruk). If it is assumed that employment growth will reflect projected population growth over the next 15 years, industrial employment in Sale would increase at 0.97% per annum.

This rate of growth would result in an additional 240 industrial jobs between 2011 and 2031 at a rate of 12 additional jobs per year, or an additional 180 industrial jobs in Sale over a typical 15-year projection period as shown in Table 13.

**TABLE 13** PROJECTED SALE AND WURRUK INDUSTRIAL LAND REQUIREMENTS, - POPULATION MODEL

Area	Industrial Employment 2011	Average Annual Employment growth	Industrial Employment 2031	Additional Industrial Employment (2011-2031)	Average additional jobs per year	Additional Industrial Employment (2016-2031)
Sale SA2	1,125	0.97%	1,365	+240	+12	+180

Source: Urban Enterprise, 2017

Table 14 shows a conversion of the employment projection results into land requirements, assuming:

- An average industrial employment density of 100 sqm per employee for 'local industrial' uses;
- Average site coverage of 33% to allow for car parking, loading, access, outdoor storage, etc; and
- Net Developable Area to comprise 70% of gross developable area in new subdivisions (allowing for roads, drainage and open space).

The model shows that the estimated industrial land requirement to support population growth will be approximately 0.5ha per annum over the next 15 years. This is a simple method for estimating the scale of industrial land demand that may be generated purely by population growth. Other demand could be generated by larger businesses seeking a strategic site due to specific locational advantages.

The industrial employment growth during the period 2006 to 2011 of 173 additional jobs (Table 12) indicates that the population growth is not the only driver of industrial land demand.

**TABLE 14** PROJECTED INDUSTRIAL LAND REQUIREMENTS - POPULATION MODEL

Employment Growth Demand Sale industrial land to 2031	Average employment density (sqm/employee)	Floorspace required (sqm)	Average Site coverage	Net land required (sqm)	Net land required (ha)	Net land % of gross land	Gross land required to 2031 (ha)	Gross land required per annum (ha)
180	100	18,000	33%	55,000	5.5	70%	7.9	0.53

Source: Urban Enterprise, 2017

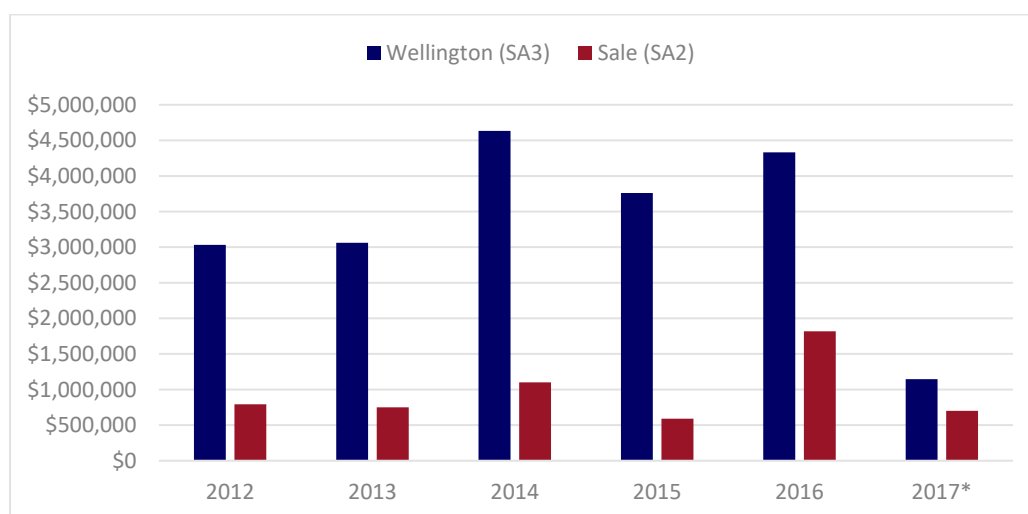
## 5.5. CONSTRUCTION AND DEVELOPMENT

The scale and trend of industrial building construction activity is a useful indicator of demand for industrial land in an area.

Over the period 2012 to 2016, industrial approvals in Sale averaged approximately \$1m per annum, with a significant increase in 2016 compared with previous years. This increase aligns with the release of a new stage of lots in the Wellington Business Park, indicating that the creation of appropriately sized and located lots was able to meet a level of demand that was not met in previous years.

Figure 5 also demonstrates the ongoing importance of industrial development outside Sale across Wellington, reflecting the strong agricultural and resources focus of the economy and the role of Sale as primarily a service industrial location.

**FIGURE 5** VALUE OF INDUSTRIAL BUILDING APPROVALS, WELLINGTON SHIRE, 2012-2017



Source: ABS Building Approvals. \*2017 to June only.

### COUNCIL PLANNING AND BUILDING PERMITS

Table 15 shows the number of planning, building and subdivision permits approved by Wellington Shire Council in existing Industrial Zones and Commercial 2 Zones in Sale and Wurruk between 2006 and 2016.

Analysis of the data shows that:

- The trend in the number of planning permits in Sale and Wurruk has generally been consistent throughout the 10-year period of analysis. Data includes changes of use, new uses and subdivisions;
- Building approvals have been relatively consistent since 2010. Data includes new buildings, extensions and alterations;
- Larger industrial subdivisions took place in 2012 and 2014, with a total of 72 lots created over 10 years; and
- Only 20 new lots were created through subdivision in the Commercial 2 Zone over the past 10 years.

**TABLE 15** NUMBER OF PLANNING AND BUILDING APPROVALS, SALE AND WURRUK, 2006-2016

	Planning Approvals	Building Approvals	Number of lots created	
			IN1Z	C2Z
2006	14	15	0	0
2007	31	17	2	1
2008	18	22	0	7
2009	15	9	4	1
2010	17	17	2	8
2011	17	14	1	0
2012	17	12	21	0
2013	13	12	0	0
2014	17	17	42	0
2015	10	10	0	0
2016	15	12	0	3
<b>Total</b>	<b>184</b>	<b>157</b>	<b>72</b>	<b>20</b>

Source: Wellington Shire, All Permit Applications, 2017

The available land area created by these subdivisions and the area of properties that have since had a new industrial facility constructed are shown in Table 16 based on Council's rates database and desktop analysis.

Through the 72 lots created by subdivision, 17.5 hectares of land was made available for industrial development, of which 7.6 hectares has since been occupied at an average rate of 0.7 hectares per annum. If this rate of development continued, there will be projected demand for 10.5 hectares of industrial land over the next 15 years.

**TABLE 16** LAND CONSUMPTION DEMAND FROM SUBDIVISIONS, SALE

Land Type	Rate of lots created	Land Area created by subdivision	Land Area developed after subdivision (ha)	Rate of consumption (ha/annum)	Rate of Land Demand	Land Demand to 2031 (ha)
Industrial	72	17.5	7.6	0.7	0.7	10.5ha

Source: Urban Enterprise, 2017.

## WELLINGTON BUSINESS PARK

Wellington Business Park is currently the only industrial area that is being progressively subdivided to create new industrial lots in Sale and Wurruk.

Discussions with the developer in September 2017 identified that 6 new lots were sold in the preceding 18 months, consuming a total of 2 hectares. As summarised in Table 17, five of these lots were occupied by businesses considered 'local' in nature and occupying lots of approximately 0.2 hectares, while the other was a 'strategic' site of approximately 1ha.

Based on this data, the following findings have been drawn:

- Local industrial land consumption is relatively low but consistent at approximately 0.7ha/annum;
- Strategic consumption is less predictable with only one lot being consumed in 18 months (however many enquiries have been fielded by Council); and
- There is approximately 5 to 10 years of 'local' industrial land supply remaining in the Wellington Business Park.

**TABLE 17** CONSUMPTION OF INDUSTRIAL LAND IN WELLINGTON BUSINESS PARK, JAN 2016 – AUG 2017

Type of Demand	Number of lots sold	Area consumed	Rate of consumption per annum
Local	5	1ha	0.7ha
Strategic	1	1ha	0.7ha
Total	6	2ha	1.4ha

Source: Wellington Business Park, 2017.

## 5.6. OTHER DEMAND CONSIDERATIONS

A range of other considerations have been identified which should guide estimates of future industrial land demand as follows.

### PROFILE OF DEMAND

There may be a degree of latent demand for larger vacant lots, given the lack of such lots available to the market over the past 5 years and the consultation findings that many interested businesses have not been able to find suitable site.

The release of new lots in the Wellington Business Park has led to a recent increase in industrial building activity, which has accommodated both traditional industrial land uses as well as non-traditional uses such as offices, training and recreation. The role of 'local' industrial estates in providing land and floorspace to accommodate a range of business types is a trend that is occurring across regional and metropolitan areas. In the case of Sale, a lack of alternative business premises (such as existing vacant premises in the Commercial 2 Zone) is likely to



continue to result in a wide range of business types seeking lower cost space in new industrial areas. These uses are generally driven by population growth which is expected to increase, and will seek proximity to residential and commercial areas such as in the Wellington Business Park. These uses also generally seek higher quality/amenity locations given the commercial nature and higher 'visitor' focus of the business activities;

The strong interest in enquiries for large industrial sites in the Sale and Wellington Shire area over the past 12 months has not resulted in attraction of these businesses due to a lack of appropriate industrial land supply. In terms of accommodating these larger businesses, significant areas of industrial land are required in order to attract investment from major industrial users.

Although some existing industrial sites have sufficient land available to enable existing businesses to expand, other sites are well utilised, meaning that alternative sites would be required to facilitate expansion of existing businesses. Given the relative lack of larger sites, it is also important that an allowance is made for the movement of existing businesses to new and larger premises for economic and employment growth.

These factors combine to indicate that Council should plan to provide for an industrial land supply which exceeds simply the modelled land requirements in this section. It is important, however, to consider how the strategic supply of industrial land proposed through potential rezoning of the candidate areas would align with the broader economic and infrastructure fundamentals of Sale within the Gippsland region.

### **IS SALE A COMPETITIVE LOCATION FOR MAJOR INDUSTRIAL LAND USE?**

Major industrial businesses (those serving a state-wide, national or international market) generally seek the following locational attributes. Please note that this is not intended to be an exhaustive list:

- Proximity to ports, airports and other freight terminals for distribution and export of products;
- Access to major transport corridors, primarily highways/freeways and/or the rail freight network;
- Proximity to major sources of demand and labour (eg. metropolitan areas);
- Access to high-capacity infrastructure, such as water, gas and electricity;
- Proximity to source of inputs to production (eg. primary resources, input goods, etc); and
- Co-location with other major industrial businesses and supporting industries.

Gippsland itself is not optimally located in respect of the major export infrastructure in Victoria, namely Melbourne Airport and the Port of Melbourne, each of which are more easily accessed from the north and/or west of the metropolitan area of Melbourne.

From a regional perspective, Sale is located at the eastern 'end' of the Latrobe Valley. Other major Gippsland urban centres (Traralgon, Moe, Morwell and Warragul) are better located in terms of proximity and access to metropolitan infrastructure and markets, as well as the labour market provided in south-eastern Melbourne and growing in Baw Baw Shire. However, other regional centres in Gippsland do not offer a significant supply of undeveloped industrial land which has direct or ready access to the Princes Highway / Freeway, suitable for large vehicles and separated from other urban uses (with the exception of some existing and proposed employment land to the immediate east of Morwell).

Sale is well located in terms of proximity to primary produce in Wellington Shire and East Gippsland Shire, although processing networks are generally well established, such as timber mills in Heyfield and dairy processing in Maffra. The duplication of the Princes Highway to Sale and the prospect of a new alternative truck route bypassing the Sale CBD may improve the attractiveness of the West Sale area to transport-related businesses and to those seeking a base from which to service central and East Gippsland.

Overall, the characteristics of Sale do not closely align with the primary location criteria that would generally be utilised by major industrial businesses when seeking a site to service a wide market, however the Candidate Areas for this project do provide a relatively rare opportunity to meet regional demand and offer close proximity to a labour market and local produce. The strong interest in larger sites in recent years associated with processing and

manufacturing of local produce indicated that this type of industrial land use is an important opportunity for the local economy that should be supported through appropriate and sufficiently large industrial land supply.

## POTENTIAL ECONOMIC AND INDUSTRIAL OPPORTUNITIES

The ongoing provision of appropriate industrial land in Sale is critical to support the growth of existing industries, as well as to facilitate opportunities for new industry growth, particularly those linked to innovation, research and production of new products and processes.

Sale's position as the service centre for Wellington Shire and the location for an existing concentration of industrial and commercial businesses presents the opportunity to foster greater concentrations of urban industrial uses which draw on local infrastructure, trades, suppliers and labour.

Other opportunities may exist to attract larger businesses serving broader markets, however the main opportunities for new businesses are likely to be driven by the need for service local and regional industries as opposed to the attraction of new major manufacturers / exporters.

Main industrial business opportunities identified include:

- Local industrial growth led by growing population needs, such as construction, workshops, storage, mechanics, equipment hire, etc.
- Expansion or relocation of existing Sale and Wurruk businesses to the Candidate Areas to provide larger sites, better separation from sensitive use and easier access to the highway network, Latrobe and Melbourne; and
- New medium to large sized industrial businesses seeking proximity to existing regional produce and a suitable labour supply (Sale and Traralgon) and ready access to the highway network.

In the longer term and subject to infrastructure availability, the opportunity to utilise rail and air freight to distribute and export products may also attract certain business types, particularly in Candidate Area 2 which has direct access to the rail line as well as the West Sale Aerodrome.

Given the significant challenges faced by many traditional industries, it is important that new land is available to encourage and accommodate new business types which relate to the natural strengths of the Sale area and which leverage local, State and Federal government investment. Industries and business types that may be well suited to current opportunities and local advantages include:

- Aviation and associated industries, including safety, training, maintenance, recreation, storage, natural resource and emergency management, and advanced aviation technologies;
- Advanced manufacturing and engineering, including mineral resources and renewable energy technology;
- Food processing and value-adding, including those to support the agricultural and tourism sectors (eg. food and wine manufacturing); and
- Transport and distribution to assist export of local produce.

The following section provides an analysis of the characteristics of the Candidate Areas and the extent to which those characteristics align with the economic opportunities identified in this report.

## 5.7. KEY FINDINGS

The implications of the analysis of demand for industrial land in Sale and Wurruk include:

- There are two drivers of demand for industrial land, being local industrial business and larger regional/export industrial businesses;
- The local demand rate for industrial land is projected to be between 0.5 and 0.7ha/annum for the next 15 years, leading to a requirement of between 7.5 and 10.5 hectares of local industrial land by 2031;

- Strategic demand is less readily quantifiable. Council and the developer of the Wellington Business Park have received multiple enquiries regarding larger lots between 2ha and 10ha over the past three years. Council should plan to accommodate larger businesses by providing a suitable supply of land with larger lot sizes (of at least 1ha and up to 10ha).
- Previous assessments suggest that a combined total of approximately 2.8-3.5ha/annum is required for both local and strategic industrial demand in Sale and Wurruk.

It is recommended that Council plans to accommodate at least 1ha of 'local' industrial land demand per annum, plus a strategic allowance sufficient to accommodate ongoing demand for larger lots separate to existing urban areas over the long term. Given that the current vacant land supply for medium and large lots is very limited, it is recommended that new industrial areas are planned which can accommodate demand over at least the next 15 - 20 years for medium (0.5ha to 2ha) and larger lots (2ha+).

An indicative allowance for at least 40 hectares (of lot area) is recommended could accommodate at least 5-10 large businesses and a range of medium businesses. Rezoning further land as a contingency (ie. more than 40ha) is also supported given the long lead times associated with planning for employment areas.

Main industrial business opportunities identified include:

- Local industrial growth led by growing population needs, such as construction, workshops, storage, mechanics, equipment hire, etc.
- Expansion or relocation of existing Sale and Wurruk businesses to the Candidate Areas to provide larger sites, better separation from sensitive use and easier access to the highway network, Latrobe and Melbourne; and
- New medium to large sized industrial businesses seeking proximity to existing regional produce and a suitable labour supply (Sale and Traralgon) and ready access to the highway network.

In the longer term and subject to infrastructure availability, the opportunity to utilise rail and air freight to distribute and export products may also attract certain business types, particularly in Candidate Area 2 which has direct access to the rail line as well as the West Sale Aerodrome.

Industries and business types that may be well suited to current opportunities and local advantages include:

- Aviation and associated industries, including safety, training, maintenance, recreation, storage, natural resource and emergency management, and advanced aviation technologies;
- Advanced manufacturing and engineering, including mineral resources and renewable energy technology;
- Food processing and value-adding, including those to support the agricultural and tourism sectors (eg. food and wine manufacturing); and
- Transport and distribution to assist export of local produce.

Consultation with Council revealed that there has been strong interest about the availability of large lots in the Sale and Wellington Shire area. However, there are no suitable lots currently available in Sale for these enquiries.

The main types of business enquiries look to leverage from local features and produce, relating to:

- Food and Beverage manufacturing;
- Timber manufacturing;
- Dairy; and
- Horticulture.

## 6. CANDIDATE AREA ANALYSIS

### 6.1. INTRODUCTION

This section provides an analysis of the conditions present at each of the proposed candidate areas for future industrial use.

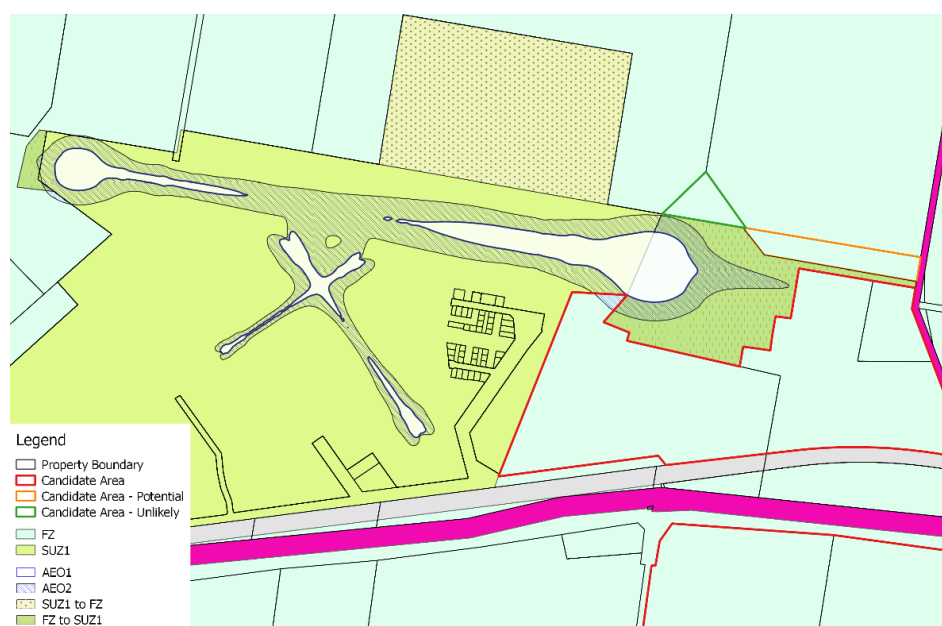
### 6.2. PLANNING CONTEXT

The three identified Candidate Areas are each within the Farming Zone and have been identified in the Sale, Wurruk and Longford Structure Plan (2010) as areas to be investigated for rezoning to industrial land.

Three planning scheme amendments are currently underway or recently approved which may have implications for the study as follows:

- Amendment C84 (status: submitted to the Department for approval) –proposes to rezone land in the Wurruk Growth Area from LDRZ to GRZ1. This is in close proximity south-east of Candidate Area 1 in Wurruk. Any rezoning of the Candidate Area would need to consider the long term interface with the future residential area;
- Amendment C97 (status: submitted to the Department for approval) – proposes to rezone land at the Sale Sewerage Pump Station to enable Gippsland Water to build a new pump station to accommodate for the future long-term growth of Sale. It is expected that the new pump station would provide necessary infrastructure to service residential and industrial growth for the next 50 years, particularly providing for the projected urban growth in Wurruk; and
- Amendment C98 (status: Approved 2/11/17) – facilitates an extension to the West Sale Aerodrome runway by 300 metres at its eastern extremity and rezones land from FZ to the Special Use Zone. The amendment also substantially reduces the extent of the Airport Environs Overlay (AEO) that applies to the land surrounding the runway. These changes are shown in Figure 6, including the acquisition of land by Council which reduces the overall land area within Candidate Area 2.

**FIGURE 6** AMENDMENT C98: RECENT CHANGES TO ZONES AND OVERLAYS, WEST SALE AERODROME



Source: Wellington Shire Council, 2017

### 6.3. CANDIDATE AREA 1: WURRUK

Candidate Area 1 at Wurruk is located immediately to the west of the existing Wurruk Industrial Precinct. Land within this Candidate Area has a total area of 42.3 hectares (26.6ha of net lot area) across 4 parcels.

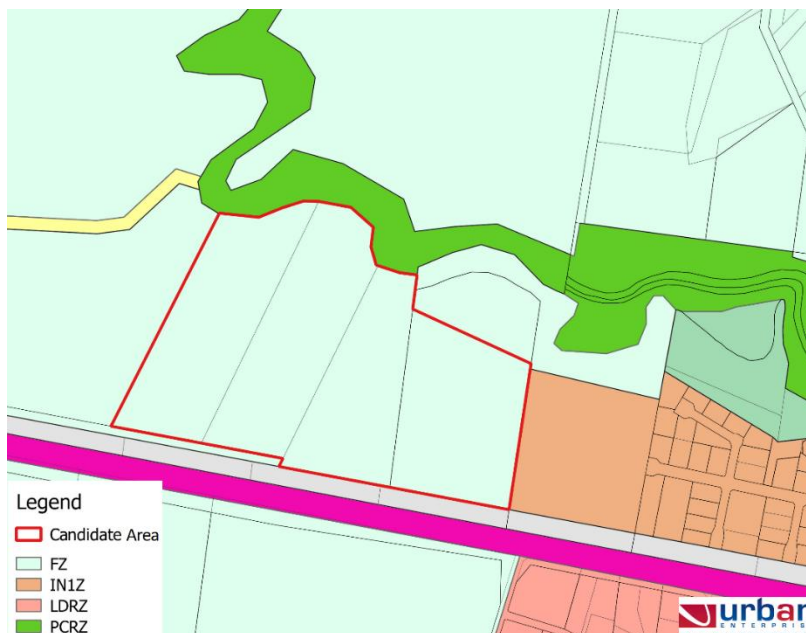
#### 6.3.1. PLANNING CONTEXT

##### PLANNING ZONES

The properties within Candidate Area 1 are within the Farming Zone (FZ). East of the site is the existing Wurruk Industrial 1 Zone (IN1Z), while land to the north is within the Public Conservation and Resource Zone (PCRZ) which includes the Thompson River.

Future planning zone changes likely to take place in the surroundings include potential rezoning of land from LDRZ to GRZ1 to the south-east of the candidate area (residential growth area). The amendment for this change is Amendment C84, which was heard at a panel hearing in July 2017. Further long-term rezoning south of the candidate area to a residential zone is also identified in the Structure Plan.

FIGURE 7 PLANNING ZONES, CANDIDATE AREA 1, WURRUK



Source: Urban Enterprise, 2017

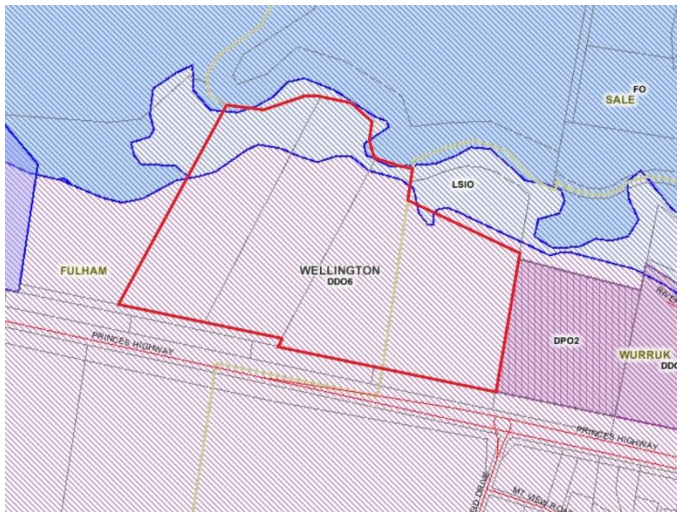
##### OVERLAYS

The north-western section of the Candidate Area is affected by the Land Subject to Inundation Overlay (LSIO) and a small section of the Flood Overlay (FO). Approximately 5 hectares of land is affected by these overlays.

The entire Candidate Area and surrounds are affected by the Design and Development Overlay – Schedule 6 (DDO6). This overlay ensures that building height does not adversely affect the operation of the East Sale RAAF Base. A permit is not required for any building less than 15 metres in building height within the bounds of this overlay.

The planning overlays applicable to the site and surroundings are shown in Figure 8.

**FIGURE 8** PLANNING OVERLAYS, CANDIDATE AREA 1, WURRUK



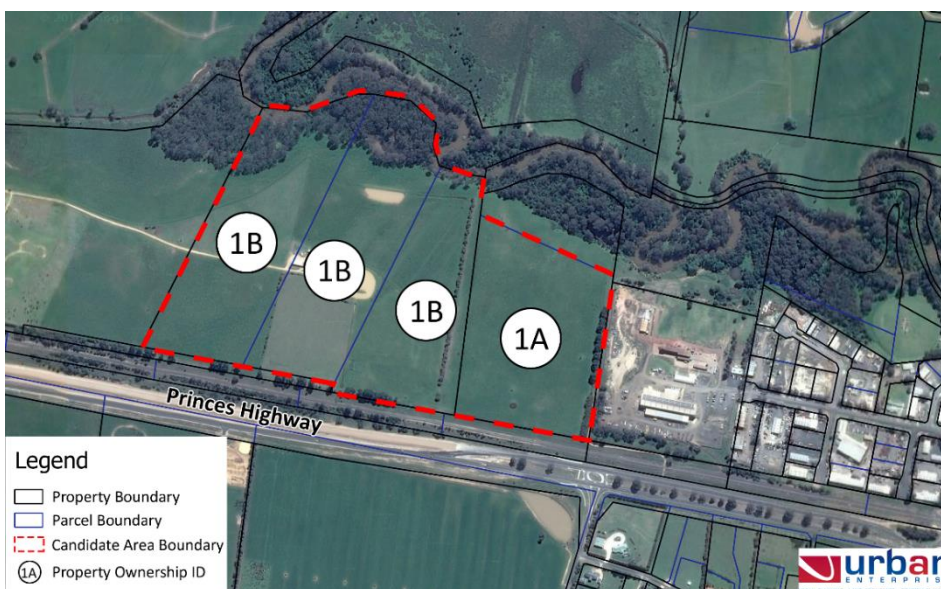
Source: Planning Maps Online, 2017

### 6.3.2. PROPERTY AND OWNERSHIP

Figure 9 shows the ownership of properties within the candidate area. The average lot size of the parcels within this candidate area is approximately 11 hectares.

Each land owner in Candidate Area 1 was consulted via phone to discuss the project and the future intentions for their land. It was apparent that the parcels in this location are primarily used for farm land / grazing. A substantial primary residence exists to the immediate west of the candidate area, the impact on which would need to be considered in any future planning for industrial use. Owners are open to further discussions about land and the potential for development. Property 1A is currently on the market for sale.

**FIGURE 9** LAND OWNERSHIP, CANDIDATE AREA 1, WURRUK



Source: Urban Enterprise, 2017

### 6.3.3. INTERFACES AND POTENTIAL PLANNING AND PROPERTY CONSTRAINTS

The Candidate Area has interfaces with the existing Wurruk Industrial Estate, the railway line, Crown Land and the Thomson River to the north and farming land to the west.

An area of Low Density Residential Zone (LDRZ) is located to the south-east of the site, with the nearest dwelling more than 200 metres from the Candidate Area boundary. Future residential use foreshadowed to the south of the Princes Highway in the long term may impact typical buffer areas and should be considered in detailed planning.

The Candidate Area is currently accessed from the Princes Highway via an informal railway crossing (property 1B), while property 1A is landlocked and cannot be accessed via the existing road network. The existing rail crossing does not appear to be appropriate for large vehicles.

Ownership is not considered a constraint to future development within this Candidate Area.

### 6.4. CANDIDATE AREA 2: WEST SALE AERODROME

Candidate Area 2 is located adjacent to the West Sale Aerodrome and covers an area of approximately 60ha (34.7ha of net lot area).

#### 6.4.1. PLANNING CONTEXT

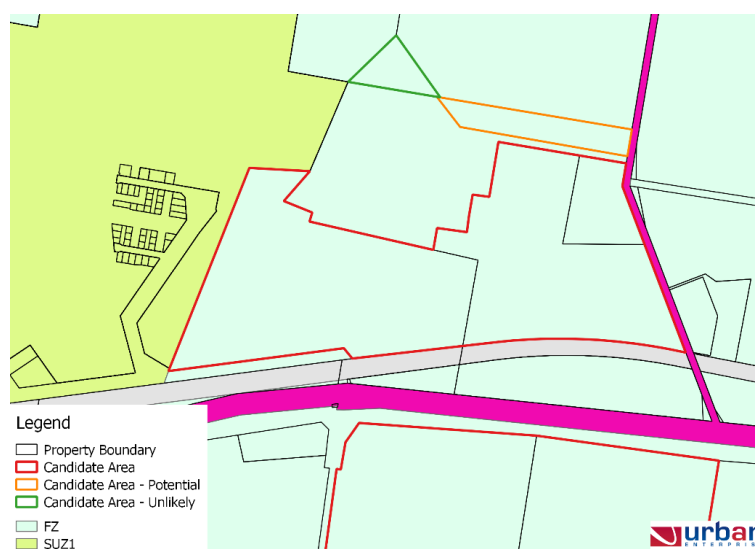
##### PLANNING ZONES

Land in Candidate Area 2 is within the Farming Zone (FZ). The Candidate Area is adjacent to the Special Use Zone – Schedule 1 (SUZ1), which contains the West Sale Aerodrome as shown in Figure 10.

Due to a current process involving land acquisition by Council to facilitate an expansion of the aerodrome, the original Candidate Area (as identified in the Structure Plan) has been separated into three sub-areas as follows:

- An area that is 'definite' for ongoing consideration as part of this study (54.5ha);
- An area that has 'potential' for ongoing investigation, although this area would be separated from the main candidate area by a new access road to the aerodrome (3.8ha); and
- An area that is now 'unlikely' to be appropriate for consideration as part of the Candidate Area due to being separated from the balance of the candidate area by the expanded aerodrome (2.0ha).

FIGURE 10 PLANNING ZONES, CANDIDATE AREA 2, WEST SALE AERODROME



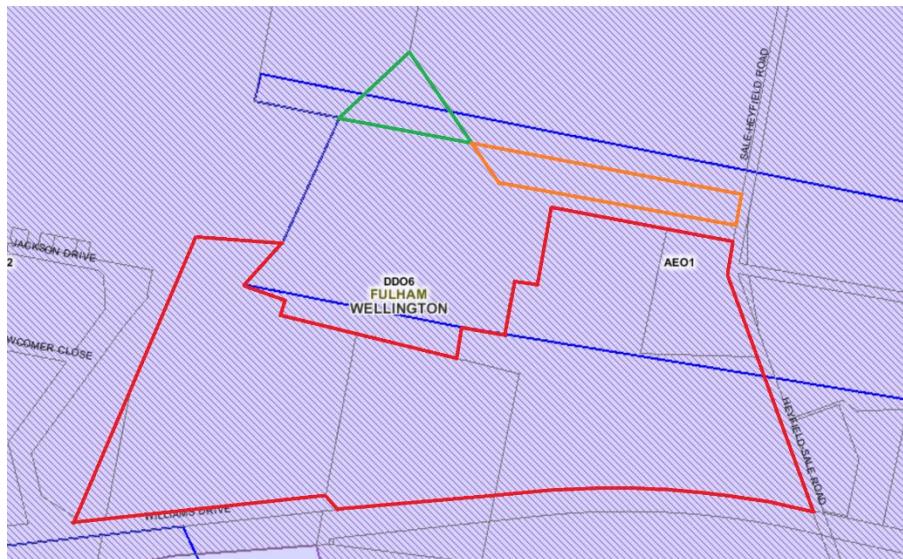
Source: Urban Enterprise, 2017

## OVERLAYS

The properties within this Candidate Area were previously impacted by the Airport Environment Overlay Schedules 1 and 2 (AE01) (AE02). As shown in the previous section (Figure 6), the extent of the AEO has recently been significantly reduced by Amendment C98, resulting in AE02 applying to just 0.25 hectares of the Candidate Area and AE01 removed from the Candidate Area.

DD06 also impacts the full area of the Candidate Area, requiring planning permits for any building greater than 15 metres in height.

**FIGURE 11** PLANNING OVERLAYS, CANDIDATE AREA 2, WEST SALE AERODROME



Source: Planning Maps Online, 2017

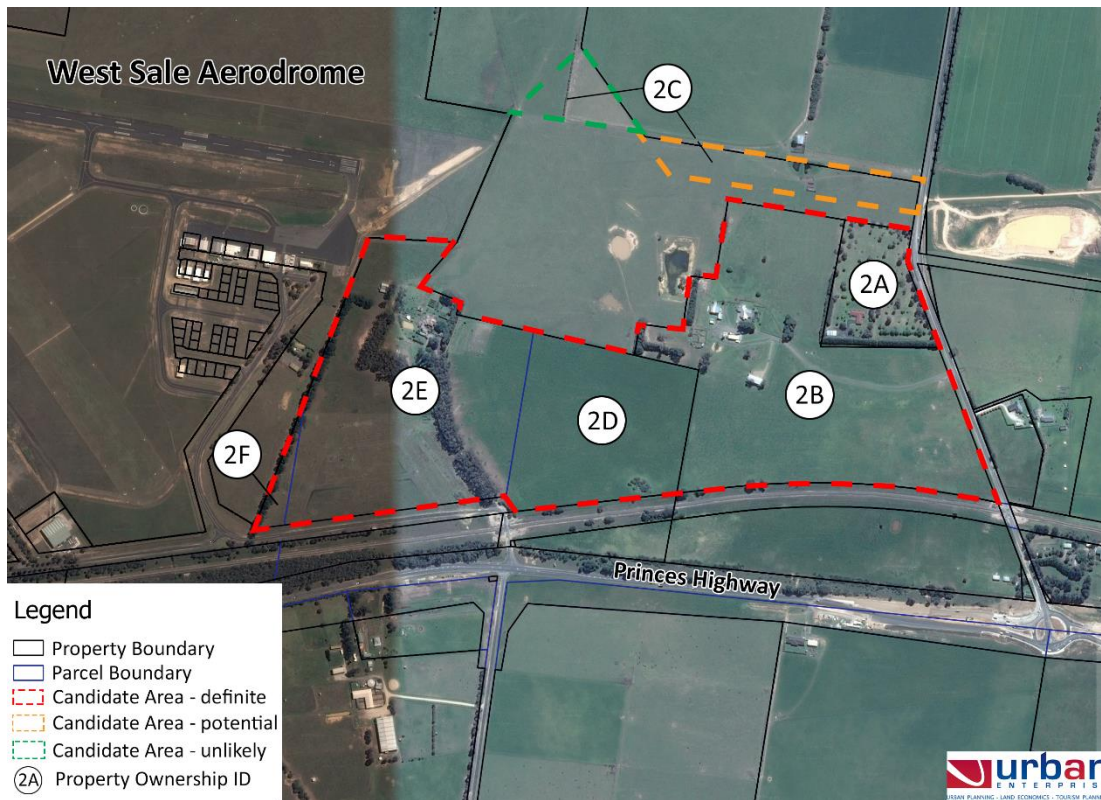
### 6.4.2. LAND OWNERSHIP

Candidate Area 2 includes 6 properties in separate ownership. Two larger lots are approximately 20 hectares in area. Figure 12 shows the location of each property within the candidate area.

All land owners in Candidate Area 2 were contacted and consultation was possible with all except one (the owner of the land identified as 'potential' and 'unlikely'). Land in this area is primarily used for residential purposes, with the remaining land providing grazing, cattle, vegetable and other farm activities. The western-most property is also occasionally used to host events within an old homestead. Land owners intend to continue living on their properties for the foreseeable future however no objections or constraints to future industrial development were identified.



**FIGURE 12** LAND OWNERSHIP, CANDIDATE SITE 2, WEST SALE AERODROME



Source: Urban Enterprise, 2017

### 6.4.3. INTERFACES AND POTENTIAL PLANNING AND PROPERTY CONSTRAINTS

The Candidate Area is well separated from potential sensitive uses, with the exception of a single dwelling across Sale-Heyfield Road (in the Farming Zone). The interface with the West Sale Aerodrome would need to be considered through appropriate access, security and building design controls.

Land ownership is not considered to be a constraint to future development, however the multiple ownership and the variety of existing land uses could delay and/or complicate the prospects of short term development of the area for industrial purposes.

#### WEST SALE AERODROME

Consultation with the West Sale Aerodrome property manager and the property manager of the Federation Training Campus which currently operates within the aerodrome land revealed the following:

- The extension of the runway and development of new supporting facilities at the aerodrome (as outlined in the West Sale Aerodrome Masterplan) will cater to new training requirements for the RAAF and is likely to generate greater usage of the aerodrome and therefore could generate new associated business opportunities in the area;
- Council is currently going through the process of subdividing land within the aerodrome to create new freehold land which is to be sold to the private market for existing and new businesses associated with aviation to establish in the SUZ; and
- Federation Training currently lease a large area from Council as a training campus, however the improvements are dated and require significant investment to meet current market expectations. Federation is reviewing options to create a new campus elsewhere, which would result in them vacating the current site;

The implications of these circumstances are that the West Sale Aerodrome and surrounding public land is likely to experience a significant degree of change over the short to medium term, and that a range of new business opportunities could be created.

## 6.5. CANDIDATE AREA 3: FULHAM

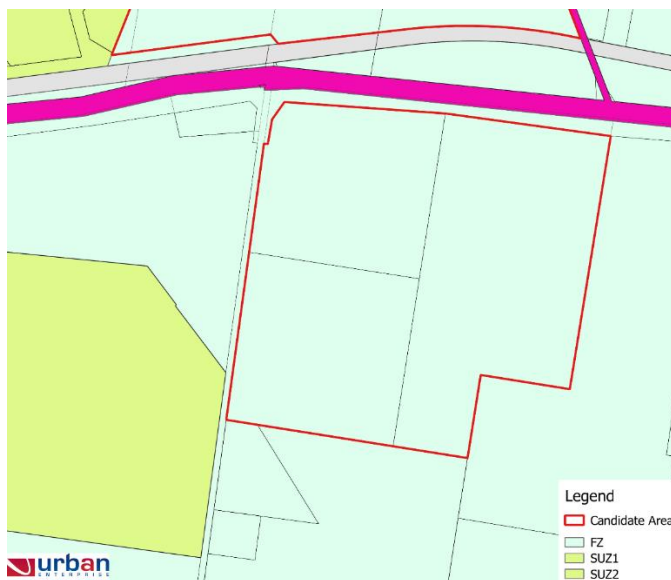
The Candidate Area at Fulham is located south of the Princes Highway and east of the Fulham Correctional Facility on Hopkins Road. This area has the largest area of all Candidate Areas, with approximately 100 hectares across three properties (63ha of net lot area).

### 6.5.1. PLANNING CONTEXT

#### PLANNING ZONES

Land is within the Farming Zone (FZ). The Fulham Correctional Facility to the immediate south-west is within the Special Use Zone (SUZ2).

**FIGURE 13** PLANNING ZONES, CANDIDATE AREA 3, FULHAM

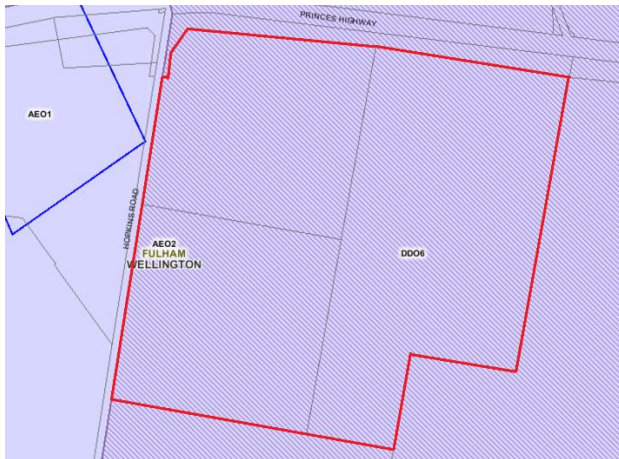


Source: Urban Enterprise, 2017

#### OVERLAYS

There are two overlays that impact the candidate area at Fulham, being AEO2 and DDO6, as shown in Figure 14. These overlays also affect the other candidate areas. DDO6 requires a permit for building construction greater than 15 metres in building height. The proposed amendment to the AEO2 will remove the overlay from the entire Candidate Area.

**FIGURE 14** PLANNING OVERLAYS, CANDIDATE AREA 3, FULHAM



Source: Planning Maps Online, 2017

### 6.5.2. LAND OWNERSHIP

Figure 15 shows the location of the properties within Candidate Area 3. The lot sizes in this candidate area are considerably larger than in the other Candidate Areas: two of the sites are approximately 25 hectares in area and the largest property is approximately 45 hectares. One landowner owns two of the properties and a total of approximately 73 hectares of the land (shown as 3A in Figure 15).

Both land owners in this area were consulted. Each broader property is current used for residential purposes (dwelling not necessarily within the candidate area), with one containing significant improvements associated with animal breeding. Given the substantial investment in these improvements, the current use and ownership may present a constraint to development of part of this candidate area.

**FIGURE 15** LAND OWNERSHIP CANDIDATE AREA 3



Source: Urban Enterprise, 2017

### **6.5.3. INTERFACES AND POTENTIAL PLANNING AND PROPERTY CONSTRAINTS**

The Candidate Area is well separated from urban areas and has main interfaces with farming land and the Princes Highway.

The only potential sensitive use identified is the adjacent Fulham Correction Facility which is accessed from Hopkins Road. Consultation with the Facility identified that Hopkins Road is an important route if any prisoner evacuation is required and that the potential impact of industrial land use on the significant prisoner population (over 900) should be considered.

It is noted that the uses with adverse amenity potential clause of the Planning Scheme (Clause 52.10) does not explicitly include land used for a Correctional Facility as a sensitive use. Rather, the following list of sensitive uses are included: "land in a residential zone, Capital City Zone or Docklands Zone, land used for a hospital or an education centre or land in a Public Acquisition Overlay to be acquired for a hospital or an education centre." This issue would need further investigation if Candidate Area 3 were to be identified as the preferred location for future industrial land use.

It should be noted that the EPA considers the Fulham Correctional Facility as a sensitive use, despite not being explicitly identified in the Planning Scheme. The classification of a Correctional Facility as a sensitive use (or otherwise) should be confirmed as part of planning for Candidate Area 2.

Given the significant investment in improvements and the relatively entrenched land use, land ownership is a potential constraint to development in Candidate Area 3, particularly to the south of the Area.

## 6.6. BIODIVERSITY

A Desktop Biodiversity Assessment of each Candidate Area was undertaken by Ecology and Heritage Partners, dated August 2017. The full assessment is included in the **Appendices Report**.

The key findings of the report are summarised as follows:

- Current (2005) modelled mapping indicated that there is 35.35 hectares of native vegetation remaining within the three candidate areas. However, current aerial imagery shows little evidence of native canopy cover in Candidate Areas 2 and 3, while some remnant vegetation remains within Candidate Area 1;
- There is a small amount of wetland present in all three sites, with a total area of 2.23 hectares;
- Research and analysis identified endangered vegetation within Area 1 (6ha), Area 2 (14ha) and Area 3 (15ha) as shown in Table 18;
- It is possible that two listed ecological communities occur in the study area: Gippsland River Red Gum Grassy Woodland and associated native grassland, and Seasonal Herbaceous Wetlands;
- Native vegetation and biodiversity values are most likely to be present in Site 1 adjacent to the Thomson River. Opportunities for development are likely to have a lower impact on biodiversity values in other areas of Site 1 away from the river as well as within Sites 2 and 3;
- Native vegetation with the highest risk is located at the western end of Candidate Area 2;
- Any clearing of native vegetation would require a site assessment to determine the extent of clearing and the associated risk-based pathway;
- The Candidate Areas occur within the same catchment as a Ramsar Wetland. As a result, management practices and construction techniques should be consistent with EPA Guidelines in respect of erosion and sediment control and surface water flows;
- There is potential for one listed flora species occurring: River Swamp Wallaby-grass. It is also possible that there may be habitat for three listed fauna species: Grey-headed flying fox, growling grass frog and dwarf galaxias.;
- Development of the areas would require a site assessment and hydrological assessment;
- Development may trigger an Environmental Effects Statement referral – a site assessment would be required to investigate this.

**TABLE 18** EXTENT OF REMNANT NATIVE VEGETATION PRESENT WITHIN THE CANDIDATE AREAS, 2005

Site	EVC	EVC Number	Bioregional Conservation Status	Area (ha)
1	Plains Grassy Woodland	55	Endangered	1.36
1	Floodplain Riparian Woodland	56	Endangered	5.22
2	Plains Grassy Woodland	55	Endangered	8.16
2	Plains Grassy Woodland/ Gilgai Wetland Mosaic	259	Endangered	5.70
3	Plains Grassy Woodland	55	Endangered	14.91

Source: 2005 data; DELWP 2017b

## 6.7. CULTURAL HERITAGE

A Desktop Cultural Heritage Assessment of each Candidate Area was undertaken by Ecology and Heritage Partners, dated August 2017. The full assessment is included in the **Appendices Report**.

The key findings of the report are summarised as follows:

- A search of the VAHR identified a total of 4 registered Aboriginal Places (and their associated components) within the search area. These sites consist of a total of 3 site types comprising: a low-density artefact distribution, stone artefact scatters and an earth feature. Three of these sites are located along the northern boundary of Candidate Area 3;
- Candidate Area 1 is situated within an area of cultural heritage sensitivity as it is situated within 200 m of a waterway, namely Thomson River. Given that previous archaeological investigations have identified the high likelihood of Aboriginal cultural heritage to be present within close proximity to the Thomson River there is high potential that Aboriginal cultural heritage will be present within Candidate Area 1;
- Candidate Area 3 is situated within an area of cultural heritage sensitivity as mapped under the Aboriginal Heritage Regulations 2007 as it is situated within 50 m of a number registered cultural heritage places which are listed on the Victorian Aboriginal Heritage Register. A aeolian landform is highly likely to be present within Area 3, with the place being assessed as having 'moderate scientific significance';
- Candidate Area 2 is not situated within an area of cultural heritage sensitivity, however proximity to the Aeolian sand deposit south of the Princes Highway has led to the recommended that if future industrial subdivision of Candidate Area 2 is to take place, further investigation is required in order to ascertain whether this sensitive landform is present;
- The proposed use for these Candidate Areas (i.e. industrial subdivision and development) is considered a 'high impact activity'. Therefore, an Aboriginal Cultural Heritage Management Plan is mandatory for Candidate Areas 1 and 3. An Aboriginal Cultural Heritage Management Plan is not required for Candidate Area 2, however it is recommended that a voluntary plan is undertaken.

## 6.8. INFRASTRUCTURE

An infrastructure analysis was undertaken by TGM Group dated August 2017 and included in the **Appendices Report**. The key findings of the assessment are as follows.

### WATER SUPPLY

Findings from the modelling of water demand undertaken by Gippsland Water are:

- Candidate Area 1 can be serviced without any upgrades to the existing system, via an extension of the 150mm main along Hunt Place;
- Candidate Area 2 (and development of both Candidate Area 1 and Candidate Area 2) can be serviced with the existing network if moderate headlosses are accepted, particularly with the later scenario;
- Candidate Area 3 individually will require a minimum upsize to 300mm to avoid moderate to high headlosses along the 225mm distribution main (4.2 km section); and
- Any of the remaining options including Candidate Area 3 would require the 225mm distribution main to be upgraded to a 375 or 450 mm. Furthermore, the pumps at the Wurruk TWPS would need to be replaced in order to accommodate the increased flows and subsequent headlosses.

## SEWER

Findings from modelling and investigation into the sewerage of each site identified:

- Candidate Area 1 could have approximately 50% of the area utilising the current sewer main at the Wurruk Industrial Estate, while the remaining area would require a new sewer pump station. All costs would be borne by the developer. Depending on the loading from the new estate the existing 150mm main may need to be increased to 225mm;
- Candidate Area 2 has no sewer currently, meaning that an upgrade would be required to the Fulham Correctional Facility Sewer Pump Station (pumps, electrics, detention storage) or the rising main that runs along Hopkins Road would need to be increased to reduce the frictional headloss; and
- Candidate Area 3 has no sewer, meaning this area would require an upgrade to both the Fulham Correctional Facility SPS and the rising main increased to reduce frictional headloss.

## STORMWATER

Findings from analysis of drainage identified that:

- Candidate Area 1 would likely drain north of the site to the Thompson River. Overland flow to the river will be acceptable with treatment;
- Unique to this area is a flood levee known as the Kilmany Levee Bank. This area is unique as any stormwater that drains to the Levee and is not lost through evaporation and transpiration may need to be pumped past the levee bank. The cost of pumping the stormwater falls to the land holders who own land behind the levee. It is likely that part of Site 2 and all of Site 3 would drain to this point;
- Candidate Area 2 has an existing drain along the eastern extent of the airfield which drains down to the Central Gippsland. Extension of the runway will require re-arrangement of the final drainage in this area, but will ultimately drain to the same direction (to the north). It is likely that part of Candidate Area 2 will drain to the south and part to the north; and
- Candidate Area 3 has a nominated drain which is part of the Kilmany drainage system and can discharge into this drain. However, the final stormwater strategy will have to take into account a higher level of retention as any water not lost through evaporation and transpiration may ultimately drain into a private levee near the outlet to the Latrobe River. Future development needs to account for additional overflow from the land which would need to be managed by water harvesting or retention before ever hitting the levee bank. If stormwater does drain to the levy, it will need to be managed to meet best practice stormwater quality targets as well as ensure that the quantity is managed. This will potentially require additional onsite storage compared to traditional best practice stormwater treatment.

Further investigation into the possible approach to stormwater drainage in Candidate Area 2 was subsequently undertaken, with the following findings:

- There is an existing drain along the eastern extent airfield which eventually drains down to the Central Gippsland No. 4 drain to the north. Overland flow is expected to be possible with typical levels of retention, though further detailed investigation would be required to confirm this. The current project to extend the runway will require Wellington Shire Council to re-configure drainage in this area, however ultimately it is expected that stormwater associated with that project will drain to the same No. 4 drain;
- The current conditions are such that the majority of the candidate area falls to the north, however a small area falls and drains to the south including Williams Drive. Survey data available for this area is limited and the area is quite flat so it is difficult to clearly identify drainage catchments;
- West Gippsland Catchment Management Authority has indicated that part of site 2 drains to the south and discharges to the Kilmany Levee which is constrained by maintaining the current stormwater conditions.

- There is a reasonable likelihood that site 2 can be redeveloped and engineered to control a sizeable component of the catchment to the north. It is difficult to identify potential costs of this, but our expectation is that it would not be overly significant and can be managed through the planning permit process;
- There is always going to be a catchment area that still drains to the south, but this can be managed to ensure current pre-development flows are controlled to the south with some form of detention system in place to manage increased stormwater flows.

#### **ELECTRICITY**

- There appears to be current infrastructure sufficient to support additional loading of 1-2 MVA in the shorter term, which would support the first stages of development but may not be capable of supporting the ultimate demand of the sites.
- Augmentation to the existing lines can be undertaken and will increase the availability of power. This can be determined once development is undertaken.

#### **GAS**

- It is identified that the gas reticulation infrastructure is not of capacity to support any major industrial loads. To supply any major load, either duplication of the existing supply main or upstream augmentation may be required.

#### **TELECOMMUNICATIONS**

- Investigation into telecommunications indicated that NBN assets are located within this region. According to the NBN website it is also noted that the Wurruk region is NBN ready and new and existing development can connect to the NBN service.

### **6.9. TRAFFIC**

This section provides findings regarding traffic infrastructure identified in a technical report prepared by Traffix Group dated October 2017 and included in the Appendices.

#### **KEY TRANSPORT ROUTES**

Key transport routes in the area include:

- Princes Highway – has been upgraded to a duplicate road from a two-way road, with speed limits between 80km/h and 100km/h at various points in the vicinity of the candidate areas;
- Sale-Heyfield Road – A State Arterial Road under control of VicRoads, located in the vicinity of Candidate Area 2. It is a two lane, two way rural road, which crosses the Melbourne-Bairnsdale railway line;
- Hopkins Road – A local road under control of the Wellington Shire Council. It provides access to the Fulham Correction Facility and rural properties and is located in the vicinity of Candidate Area 3.

It is identified that the Victorian Government has allocated funds to investigate the feasibility of formalising the Sale Alternative Truck Route. The route would north along Sale-Heyfield Road, along Fulham-Myrtlebank Road and then along Myrtlebank Road before connecting to the Princes Highway.

#### **TRAFFIC VOLUMES AND INTERSECTION CAPACITIES**

Traffic volumes on Princes Highway (<9,000 vpd two way), Sale-Heyfield Road (<3,500 vpd two way), Hopkins Road, Hunt Place, Riverside Drive and Williams Drive are all low for the function that the roads perform.



Whilst no traffic generation estimates have been prepared at this stage for the three candidate areas, it is evident that intersection capacity is not going to be a constraint on access to each of the candidate areas given the relatively low traffic volumes on the adjacent road network. Accordingly, road safety and road function will be the main guides for the types of intersections at potential access points to the candidate areas.

## **ACCESS ISSUES**

The creation of new large vehicle access points to the Candidate Areas is one of the major issues to be considered in this study, given the property ownership layout of Area 1, access required across the rail line for areas 1 and 2, and access intersections on the Princes Highway for all candidate areas.

### **Candidate Area 1**

Candidate Area 1 is effectively land-locked and requires new road access to be created. The options for new road access require either the creation of a new level crossing, or acquisition of private and potentially public land. Each of these prospects is not certain to be achieved, and would at the minimum require significant time and cost to deliver.

Consultation with VicTrack confirmed that any new level crossings would require Ministerial approval and are highly unlikely to be approved as a general rule. Therefore, options that do not require a new level crossing should be considered first.

Access to Candidate Area 1 without the creation of a new level crossing would require the creation of a new road reserve linking Hunt Place or Riverside Drive to the Candidate Area. A private property (currently owned and occupied by Rotafab) blocks access to the Candidate Area from the east. Part of this land would need to be acquired in order to extend Hunt Place or Riverside Drive through to the Candidate Area. Discussions with the property owner indicated that acquisition of land to extend Hunt Place through the site would not be supported given that such an alignment would bisect the site and severely impact on business operations.

Acquisition of a section of the land at its northern boundary could be possible, however, in order to extend Riverside Drive. Although this would not be the optimal access route (given the number of turns required for large vehicles to navigate), this could present a feasible access alternative for Candidate Area 1. Challenges to this alignment include the need to acquire at least 1 other private property, and potentially the need to acquire or abut Crown Land near the Thomson River. Discussions with the private landowner at the end of Riverside Drive (vacant lot through which the road could be extended) indicated positive sentiment towards this alignment, and DELWP indicated that there are no issues with the road abutting the Crown land.

Traffic advised that from a traffic engineering perspective, the extension of Riverside Drive is considered workable.

### **Candidate Area 2**

Large vehicle access to Candidate Area two is more straightforward than Area 1, with an existing roundabout and level crossing at Sale-Heyfield Road that could be utilised. The prospect of a Sale – bypass using Sale Heyfield Road would further increase the attractiveness of this area from an accessibility perspective.

Access at the western end of the Area would be less straightforward, however, given the lack of a roundabout at Princes Highway and Williams Drive and the irregular road network near the Aerodrome entrance.

### **Candidate Area 3**

Candidate Area 3 can be access directly from the Princes Highway, an advantage not available to the other areas. VicRoads would need to approve any such access, however, especially any access that does not utilise the existing roundabout at Sale-Heyfield Road.

## REQUIRED TRAFFIC INFRASTRUCTURE

The assessment of traffic infrastructure and capacity analysis identifies the following required upgrades that need to take place in order for the sites to suitably manage traffic.

### Candidate Area 1: Wurruk

Princes Highway/Hunt Place

- The Princes Highway/Hunt Place roundabout needs to be upgraded to include a second lane added to the Hunt Place approach to accommodate the adopted traffic volumes.
- There is spare capacity within the existing Princes Highway/Hunt Place roundabout (with a second lane added to the Hunt Place approach) to accommodate the adopted traffic volumes.

Hunt Place:

- Hunt Place will exceed the indicative daily traffic volume for a Local Access A - Road.
- Hunt Place nonetheless has a cross-section and industrial environment that can accommodate the anticipated volume of traffic.

Riverside Drive:

- Riverside Drive will exceed the indicative daily traffic volume for a Local Access B - Road.
- Riverside Drive nonetheless has a cross-section and industrial environment that can accommodate the anticipated volume of traffic.

Extension of Hunt Place or Riverside Drive:

- The extension of Riverside Drive to connect with Candidate Area 1 is preferable from a traffic engineering perspective than the extension of Hunt Place, although both options are workable.

### Candidate Area 2: West Sale Aerodrome

- The completed analysis assumed that access to Candidate Area 2 would comprise access via both Sale-Heyfield Road and Princes Highway.

Sale-Heyfield Road Access:

- Two access points are required via Sale-Heyfield Road, in addition to access via Williams Drive, for Candidate Area 2.
- The volume of right turn "out" traffic from each site access on Sale-Heyfield Road needs to be restricted to 509 vph to achieve an appropriate level of performance for the assumed T-intersection configuration.
- There is spare capacity within the assumed T-intersection configuration to accommodate the adopted traffic volumes with two T-intersections on Sale-Heyfield Road.

Princes Highway/Sale-Heyfield Road:

- The Princes Highway/Sale-Heyfield Road roundabout needs to be upgraded to include a second lane added to the Sale-Heyfield Road approach to achieve acceptable intersection performance.
- There is spare capacity within the existing Princes Highway/Sale-Heyfield Road roundabout (with a second lane added to the Sale-Heyfield Road approach) to accommodate the adopted traffic volumes.

Princes Highway/Williams Drive:

- The Princes Highway/Williams Drive intersection needs to be upgraded to a roundabout with two lanes on the Williams Drive approach to achieve acceptable intersection performance.
- There is spare capacity within the modified Princes Highway/Williams Drive intersection (roundabout with a second lane added to the Williams Drive approach) to accommodate the adopted traffic volumes.

Williams Drive:

- The existing railway level crossing will need to be upgraded from flashing lights to flashing lights and boom gates.
- A two lane undivided carriageway in Williams Drive would be sufficient to accommodate the anticipated volume of traffic.

### Candidate Area 3: Fulham

- At least two access points (assumed to be via Princes Highway/Hopkins Road and the Princes Highway/Sale-Heyfield Road roundabout) are required to accommodate the traffic anticipated to be generated by Candidate Area 3.
- The volume of traffic generated by Candidate Area 3 needs to be restricted to 80% of the initially projected traffic volume; namely, 2,560 vph in the evening peak period.

Princes Highway/Sale-Heyfield Road:

- The Princes Highway/Sale-Heyfield Road roundabout needs to be upgraded to a four leg roundabout, with the new leg on the southern approach to comprise a right turn lane, a shared through and right turn lane and a separate left turn lane, to achieve acceptable intersection performance.
- Whilst the analysis is based on a number of broad assumptions (including the adopted traffic generation rates), the SIDRA analysis nonetheless shows that there is sufficient capacity within the modified Princes Highway/Sale-Heyfield Road roundabout to accommodate the adopted traffic volumes.

Princes Highway/Hopkins Road:

- The Princes Highway/Hopkins Road intersection needs to be upgraded to a roundabout with two lanes on the Hopkins Road approach and a single lane on the Williams Drive approach to achieve acceptable intersection performance.
- There is spare capacity within the adopted geometry of the roundabout to accommodate the adopted traffic volumes.

Hopkins Road:

- A two lane undivided carriageway in Hopkins Road would be sufficient to accommodate the anticipated volume of traffic.

## VICTRACK

Consultation with VicTrack found that there will not be support for additional level crossings in the area. The following extract from a letter received from VicTrack outlines their position on level crossings and access to the sites:

*"We do not support new level crossings without Ministerial approval. State Planning Policy Framework at Clause 18.02-4 requires that developments must 'provide for grade separation at railway crossing except with the approval of the Minister for Transport'. It adds unnecessary additional risk to the network when alternative routes could be explored.*

*If circumstances are that there is no alternative, the Minister for Public Transport should receive your letter and request Transport for Victoria to provide its advice. TIV would consult the transport family to form a view.*

*Specifically, for Industrial Site 1 we can advise that we would not support the introduction of an additional rail level crossing (and therefore additional access point on Princes Highway) adjacent to site 1. We believe that the existing crossing at Hunt Place does not restrict industrial traffic and is a viable alternative."*

## 6.10. INFRASTRUCTURE COSTS

Table 19 provides a comparison of upgrade requirements and expected costs of the infrastructure types assessed for each Candidate Area. The table relates to major shared infrastructure only (i.e. over and above usual development infrastructure).

The analysis shows that major infrastructure costs are expected to be lowest in Candidate Area 1 and highest in Candidate Area 3 in absolute terms. On a per hectare basis, costs are lowest in Candidate Area 1, and higher in Candidate Areas 2 and 3. It is noted that there is the possibility that access upgrades to Candidate Area 2 could be shared with other beneficiaries, including the aerodrome and related uses, if the timing and need for the items align.

It should be noted that this assessment assumes full development of each candidate area for standard industrial purposes (i.e. not heavy industrial requiring specific high-capacity infrastructure needs over and above a typical user). Costs are indicative based on discussions with infrastructure agencies and past experience.

**TABLE 19** COMPARISON OF INFRASTRUCTURE COSTS

Infrastructure Item	Candidate Area 1		Candidate Area 2		Candidate Area 3	
	Description of Upgrade	Cost	Description of Upgrade	Cost	Description of Upgrade	Cost
Roads and intersections	Hunt Place roundabout upgrade and Riverside Drive extension	\$1.88m	2x Sale Heyfield Road intersections 2 x Princes Highway roundabout upgrades Williams Drive level crossing upgrade.	\$4.05m	2x Princes Highway roundabout upgrades	\$1.8m
Water	Can be serviced without any upgrades to the existing system, via an extension of the 150mm main along Hunt Place	\$0	Area 2 and Area 1 + Area 2 can be serviced with the existing network	\$0	Site3 individually will require a minimum upsized to 300 mm to avoid moderate to high head losses along the 225mm distribution main (4.2km section) (@ \$500/m)	\$2.1m
Sewer	New sewer pump station for 50% of site.	\$0.75m		\$1.5m	The Fulham Correctional SPS will need to be upgraded and the rising main upgraded (7.6km). (4.2km @ \$500/m)	\$4.2m
Stormwater	Wetland/Detention System	\$1.0m	Wetland/Detention System	\$2.0m	Wetland/Detention System (\$2.5 mill) and 900mm diameter outfall (4.0km @ \$750/m)	\$5.5m
Electricity		\$0		\$0		\$0
Gas	Upgrade gas main to site	\$0.18m		\$1.35m	Upgrade gas main to site	\$1.5m
Telecommunications		\$0		\$0		\$0
<b>Total</b>		<b>\$3.81m</b>		<b>\$8.9m</b>		<b>\$15.1m</b>
<b>Total per ha</b>		<b>\$91,000</b>		<b>\$162,000</b>		<b>\$151,000</b>

Source: TGM, 2017, Traffix, 2017. Note: costs exclude land acquisition.

## 7. CANDIDATE AREA SUMMARY AND ASSESSMENT

### 7.1. INTRODUCTION

This section provides a summary of the findings related to issues and options identified throughout the analysis of this report.

### 7.2. CANDIDATE AREA SUMMARY

Table 20 shows a summary of the candidate areas and the characteristics of each that have been identified throughout the analysis.

**TABLE 20** CANDIDATE AREA SUMMARY

Attributes	Candidate Area 1	Candidate Area 2	Candidate Area 3
Land area	42ha	55ha	100ha
Gross Developable Area (indicative)*	38ha	49.5ha	90ha
Indicative lot area (70% of GDA)*	26.6ha	34.7ha	63ha
Land ownership	2 owners, no identified constraints	5 owners, fragmented ownership could result in slow rate of development, no identified constraints	2 owners, potential ownership constraint to developing part of the area
Planning Zones and overlays	Farming Zone DDO6	Farming Zone DDO6 AE01 (to be amended) AE02 (to be amended)	Farming Zone DDO6
Current land use	Grazing	Rural residential Grazing Hospitality/Events	Grazing
Topography	Flat (sloping near river)	Flat	Flat
Key interfaces	Wurruk Industrial Estate Thompson River	West Sale Aerodrome Future Heavy Vehicle Bypass Rail line	Princes Highway Fulham Correctional Centre Council animal pound
Road access	Constrained road access	Direct access future bypass and Heyfield Rd roundabout Secondary access	Direct access to highway Secondary access Hopkins Rd Potential bypass access (Heyfield Rd roundabout)
Rail access	Adjacent rail line (no station)	Adjacent rail line (no station)	Near rail line
Air freight	Near aerodrome	Adjacent aerodrome	Near aerodrome
Infrastructure Costs	Moderate	High (potentially multiple beneficiaries)	High
Native vegetation	Yes	Yes	Yes
Cultural heritage	Sensitivity – CHMP needed	Voluntary CHMP recommended	High sensitivity – CHMP needed
Economic Opportunities	- Extend Wurruk Industrial estate - Leverage from existing business relationships and infrastructure	- Integrate with aerodrome uses - Leverage from heavy vehicle bypass	- Leverage from high exposure and access from Highway - Large sites possible
Main challenges	- Road access	- Multiple ownership and reduced prospect of short term transition - Native vegetation	- Development costs and encumbered land (drainage and cultural heritage) - Landowner intentions - Prison interface

Source: Urban Enterprise, 2017.

\*If no other details are available: 90% GDA/LA, 70% NDA/GDA

### 7.3. OPTIONS ASSESSMENT

The demand and supply assessment found that there is a reasonable supply of land appropriate to accommodate smaller, local industrial uses and related businesses in the existing land in Sale. There is, however, a lack of larger sites with suitable buffers to sensitive uses and ready access to major transport infrastructure available in the Sale area to accommodate larger strategic businesses.

Investigation of Candidate Areas has identified that each site has a range of opportunities and challenges that need to be considered. The Candidate Areas should be considered against the extent to which they meet the following criteria which generally apply to larger format industrial land uses:

1. Low number of land owners, larger lots, regular layout;
2. A low level of 'entrenched' uses / investment in improvements, and landowners open to the prospect of selling or developing in the near future;
3. Low levels of encumbrances (eg. flooding, native vegetation, cultural heritage, etc) such that a reasonable proportion of the land can be developed without significant additional costs;
4. Flat land, readily serviced with costs at a level that is unlikely to compromise development feasibility.
5. Sufficient land that is suited to the types of demand identified / aligned with overall economic opportunities;
6. Separated from sensitive land uses;
7. Easily accessed from major roads, freight networks and export infrastructure;
8. Proximity to a labour force, a market and the source of produce; and
9. Ability to leverage from other Council and State investment.

Table 21 provides an assessment of the extent to which the Candidate Areas align with these criteria based on the analysis presented in this report. The assessment shows that although each of the Candidate Areas will have challenges to development, Candidate Area 2 best aligns with the criteria overall. This is primarily because there are no major issues identified with the area which cannot be overcome (i.e. those which present a potential barrier to development) compared with Area 1 (access issues) and Area 3 (potential cultural heritage issues as well as high infrastructure costs and a likely reduction in developable area due to stormwater retention requirements).

The main challenges to developing Candidate Area 2 could be addressed, including:

- Relatively high traffic infrastructure costs could be distributed across multiple beneficiaries; and
- Land ownership may restrict short term development but is not considered likely to be an enduring constraint to development.

Candidate Area 2 also presents significant potential economic benefits and synergies which could be derived from co-location with the Aerodrome (including the opportunity to form a consolidated aviation, manufacturing and business precinct), the potential future heavy vehicle bypass and the potential for long-term rail freight access.

**TABLE 21** ASSESSMENT OF CANDIDATE AREAS

Criteria	Area 1	Area 2	Area 3
1	High	Medium	High
2	High	Medium	Medium
3	Medium	Medium	Low
4	High	Medium	Low
5	Medium	High	High
6	Medium	High	Low
7	Low	High	High
8	High	High	High
9	Low	High	Medium

Source: Urban Enterprise, 2017.

## 8. STRATEGY

### 8.1. INTRODUCTION

This section identifies the recommended approach and actions for Council to facilitate the provision of new industrial land supply.

### 8.2. GENERAL RECOMMENDATIONS

Candidate Area 2 is recommended as the primary opportunity to provide new industrial land. Rezoning of industrial land in this location has the potential to form part of a broader economic precinct which incorporates the West Sale Aerodrome and surrounding public land, supported by major road, rail and air distribution infrastructure.

The main challenge with Candidate Area 2 is that land is in multiple ownership and currently used for residential purposes. This is likely to result in a development process which takes considerable time to enable site purchase and consolidation, planning, approvals and construction, during which time it is likely that no new large industrial sites will be available to the market in Sale. If this is the only larger industrial area in Sale and is not developed for some time, this could result in deferred investment by existing businesses seeking to move to larger premises, lost investment from new businesses seeking a location in Sale, and/or an accumulation of latent demand for medium to large industrial sites over time. In any case, the strategic attributes of the site (proximity to the West Sale Aerodrome, frontage to the future Sale bypass and opportunity to form part of an overall economic cluster with surrounding uses) are likely to result in this area reaching critical mass as a strategic employment area over the medium to long term.

Candidate Area 2 provides 49.5 hectares of gross developable area and indicatively 34.7 hectares of lot area capacity. The lot area would not meet the estimated land requirements for medium and large businesses, which is 40 hectares of lot area plus a contingency amount.

Given that there are some potential challenges with development of this area which could delay ultimate transition to industrial uses and potentially insufficient lot area to meet medium term land requirements, it is recommended that a secondary candidate area is also pursued for rezoning.

Candidate Area 1 is considered the best opportunity for short term development given the relatively low infrastructure costs and proximity to an existing industrial area, subject to securing road access and the findings of a Cultural Heritage Management Plan.

Candidate Area 1 has 38.1 hectares of development land and 26.6 hectares of indicative lot area. Individually, this lot area would also not meet the estimated requirements for medium and large businesses. The area also has a degree of uncertainty regarding road infrastructure required to "unlock" the site. As such, it is recommended that this area is rezoned concurrently with Candidate Area 2 to provide alternative/concurrent land supply.

Concurrently seeking to advance planning for two separate areas (total indicative lot area of 61.3 hectares) will mitigate the risk of identifying a preferred site which is subsequently found to have considerable development constraints, a prospect which cannot be completely ruled out through the analysis in this report. If both areas are ultimately successful in being rezoned and deliver new land to the market, it is expected that each could play a different and complementary role, whereby:

- Land near the aerodrome could form part of a strategic economic cluster which attracts larger businesses seeking distribution advantages and separation from urban areas, along with other businesses associated with aviation; while

- The Wurruk area could attract a mix of local business growth, medium sized businesses of a similar nature to existing businesses in Wurruk and potentially some smaller lots to provide some competition to the Wellington Business Park.

It is considered that any short term challenges associated with a potential 'over-supply' of industrial land would be outweighed by the benefits of seeking to facilitate investment and employment growth, especially in the context of challenging economic conditions in some traditional industrial sectors in Gippsland and the State government focus on facilitating economic transition and growth in the region.

The recommended actions are outlined as follows and should be undertaken concurrently wherever possible to expedite the delivery of new industrial land.



### 8.3. STRATEGIES AND ACTIONS

#### STRATEGY 1 Increase the supply of industrial land suitable for medium and large lots in Sale and Wurruk

This Strategy has identified that there is a supply gap in Sale and Wurruk for new industrial lots greater than 1ha in area. This gap may have contributed to lost investment and employment over recent years. It is recommended that Council adopts this strategy and pursues the actions identified to address the land supply gap as a matter of priority.

##### ACTION 1.1 Adopt the Strategy

##### ACTION 1.2 Allocate resources to the completion of identified actions, including seeking external funding to support actions and catalyst infrastructure where relevant.

#### STRATEGY 2 Develop a planning framework to guide and control future development

The following actions are recommended to implement the findings into the Wellington Scheme.

##### ACTION 2.1 Prepare a Planning Scheme Amendment which covers the following actions under Strategy 2.

##### ACTION 2.2 Identify Candidate Area 1 and 2 as preferred industrial growth areas on the Sale Framework Plan, and retain the identification of Candidate Area 3 as a potential long term industrial growth area subject to demand.

##### ACTION 2.3 Rezone Candidate Area 1 to the Industrial 1 Zone and Candidate Area 2 to the Industrial 1 Zone or alternative zone associated with the broader economic precinct (such as a Special Use Zone).

##### ACTION 2.4 Prepare a Development Plan Overlay addressing the actions from Strategies 3, 4 and 5 as relevant, including Environment, Infrastructure and Cultural Heritage actions.

##### ACTION 2.5 Prepare a Design and Development Overlay addressing the actions from Strategy 6 and incorporating input from the West Sale Aerodrome and RAAF.

##### ACTION 2.6 Prepare a Development Contributions Plan Overlay for both areas (or equivalent mechanism for Candidate Area 1) and supporting documentation to formalise arrangements for shared infrastructure funding.

#### STRATEGY 3 Define potential Cultural Heritage and ecological constraints to development

##### Candidate Area 1

- A Cultural Heritage Management Plan is required due to the high likelihood of aboriginal cultural heritage being present in the area. This process may take up to 12 months.
- Require preparation of a Preliminary Ecology Assessment. If there is evidence of protected species, targeted surveying will be required to confirm the initial assessment, with a focus on Growling Grass Frog, Grey-headed Flying Fox, Dwarf Galaxias and potential flora including Plains Grassy Woodland and Floodplain Riparian Woodland (any surveying is required to occur between October and February for the Growling Grass Frog)

##### Candidate Area 2

- Cultural Heritage is not immediately apparent in Candidate Area 2, therefore not formally triggering the need for a Cultural Heritage Management Plan. However, given the proximity to Candidate Area 3 and the potential for the sand deposits on that site to extend into Area 2, it is recommended that a preliminary Cultural Heritage Survey be undertaken. This is not a formal or binding assessment but will provide evidence as to whether any Cultural Heritage is likely to be present and will assist in mitigating the risk of major time delays if cultural

heritage is identified during the subdivision stage, given that if any form of heritage was to be found during development, work must immediately cease, and a Cultural Heritage Management Plan undertaken;

- Require preparation of a preliminary Ecology Assessment in conjunction with assessment of Candidate Area 1.

**ACTION 3.1**     **Require preparation of a formal Cultural Heritage Management Plan for Candidate Area 1.**

**ACTION 3.2**     **Require preparation of a Preliminary Ecology Assessment for Areas 1 and 2 to observe the presence of protected flora and fauna.**

**ACTION 3.3**     **Require preparation of a Preliminary Cultural Heritage Survey of Area 2.**

#### **STRATEGY 4**     **Require consideration of specific infrastructure issues**

The following infrastructure issues should be addressed as part of further planning for the candidate areas:

- More detailed survey data of the area is required to assess drainage catchments. With this data a stormwater management plan could be prepared to provide a clearer indication of development layout and the drainage works which will maximise the drainage catchment to the north and minimise stormwater flow to the south.
- The importance of vehicle access across the rail-line warrants a review of the impact of traffic on rail crossings in the vicinity.

**ACTION 4.1**     **Require the preparation of a survey and preliminary stormwater management plan and waterway management plan for Candidate Area 2, ensuring that all findings and options consider ways to integrate with proposed works associated with the Aerodrome expansion.**

**ACTION 4.2**     **Require the preparation of a survey and preliminary stormwater management plan and waterway management plan for Candidate Area 1.**

**ACTION 4.3**     **Require the preparation of a Risk Assessment with V/Line and the Road Authority to reveal the additional impacts on level crossings to be utilised for the relevant candidate area and measures required to mitigate any risk, building on the initial assessment prepared for this strategy.**

**ACTION 4.4**     **Given that access arrangements for Candidate Area 2 (including the number of intersections) are not finalised, require further investigation of access arrangements to Sale-Heyfield Road at the time of detailed planning, considering the strategic nature and status of the Sale Alternative Truck Route.**

#### **STRATEGY 5**     **Establish formal mechanisms for shared infrastructure funding**

The provision of major infrastructure is required for all candidate areas. Infrastructure should be funded from a range of sources, primarily development proponents. Public investment / facilitation will also be important to unlock Candidate Area 1 with respect to road access from Hunt Place and Riverside Drive.

A range of potential beneficiaries exist for upgrades to infrastructure to support Candidate Area 2 – the timing, specific beneficiaries and potential funding partners should be identified and a plan formulated to optimise delivery of key enabling infrastructure in this area. This should also take into account the timing of the proposed Sale Alternative Truck Route works.

Development Contributions Plans (DCP) are likely to be required to formalise the delivery and funding of major shared infrastructure items in Candidate Area 2, and potentially Candidate Area 1 (although section 173 agreements may be an alternative in this area given there are only 2 landowners).

**ACTION 5.1**     **For Candidate Area 1, design suitable road access via Riverside Drive (including any necessary land acquisition or land swaps) and seek a funding contribution from relevant sources, including State government.**

**ACTION 5.2** As part of future planning for the broader Aerodrome precinct, identify opportunities to co-fund major shared infrastructure items for Candidate Area 2 such as intersections and sewer/water extensions.

**ACTION 5.3** As part of any Planning Scheme Amendment, prepare a Development Contributions Plan (or equivalent mechanism) to set out requirements and conditions on which developers share major infrastructure costs.

**STRATEGY 6** Ensure that urban design and land use is optimised and minimise conflicts both for industrial areas and interface areas

The ultimate development of each Candidate Area will need to have close regard to urban design to:

- Provide a high-quality environment for businesses, workers and visitors;
- Attract investment and business interest, given that key disadvantages of many existing industrial areas in Sale include relatively poor design quality and interface conflicts;
- Respond to the natural features of the nearby areas (especially the Thomson River in Candidate Area 1 and any areas of native vegetation and wetlands to be retained in either area) and integrate internal natural systems (eg. stormwater drainage reserves and overland flow paths) into usable open spaces as part of developments;
- Provide for active transport and local open space connections where possible;
- Present an attractive entrance to the Sale and Wurruk urban area along the Princes Highway corridor, using measures such as landscaping and setbacks where relevant;
- Protect existing uses from any impacts created by building design (eg. aerodrome and RAAF Base, however it is noted that existing controls are already in place to manage this);
- Protect new uses from impacts of existing uses, such as aerodrome noise, if and where relevant;
- Mitigate any impacts that development may on surrounding sensitive uses, including through setback or siting requirements for particular uses near the long-term Wurruk residential growth area in Candidate Area 1; and
- Include suitable transition arrangements if part of a Candidate Area is developed while residences remain in others.

Other design and development controls may also be considered necessary to accord with Council's standard approach to urban design in industrial areas. It is also important to consider the cost impact on development when drafting urban design controls.

**ACTION 6.1** For both candidate areas, apply a Design and Development Overlay which addresses each consideration outlined in this Strategy to any land to be rezoned to the Industrial 1 Zone, including specific consideration of and alignment with the requirements of Clause 22.05 AEO2 for the portion of land (0.2ha) in Candidate Area 2 that is impacted by the overlay.

**ACTION 6.2** Liaise with DELWP to confirm whether a Correctional Facility is considered to be a sensitive use (or otherwise) in respect of Clause 52.10 as part of the planning for Candidate Area 2.

## **STRATEGY 7    Establish and promote strategic economic clusters**

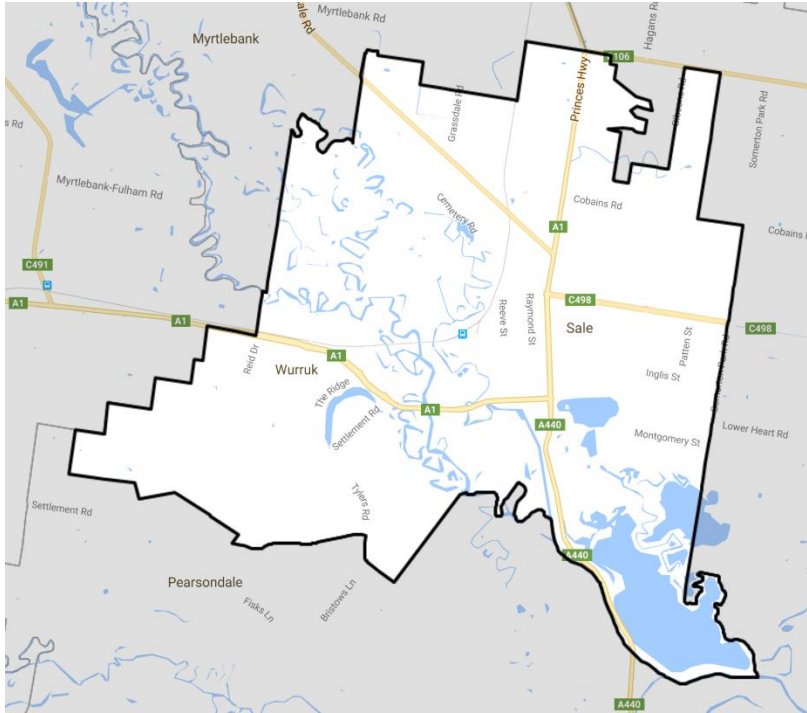
Candidate Area 2 in particular presents the opportunity to form part of a strategic economic cluster, incorporating the aerodrome and other public land. Actions are proposed which support and develop this concept and can be implemented by Council and other government agencies to facilitate investment in this area.

- ACTION 7.1    Partner with Regional Development Victoria to identify, support and fund the delivery of a strategic regional hub for aviation and related industries in Candidate Area 2 and surrounds.**
- ACTION 7.2    Prepare a Strategic Property and Economic Opportunities Plan for the broader area surrounding and including Candidate Area 2, incorporating the Aerodrome, other public land and land situated between the Princes Freeway and the rail-line.**
- ACTION 7.3    Liaise with VicRoads to communicate the benefits of the Sale Alternate Truck Route to future industrial land in Candidate Area 2 and ensure that planning for the route has regard for proposed future industrial land use in this area.**
- ACTION 7.4    Partner with Invest Gippsland to promote new industrial land opportunities in Candidate Areas 1 and 2 and identify potential businesses and investors.**
- ACTION 7.5    In the medium term, liaise with V/Line regarding long term freight distribution options and potential to integrate with Candidate Area 2.**
- ACTION 7.6    When planning for the layout of the overall strategic economic cluster, consider the opportunity to establish a broader functional road network which connects Sale-Cowarr Road to Sale-Heyfield Road, north of the railway line.**

# ATTACHMENTS

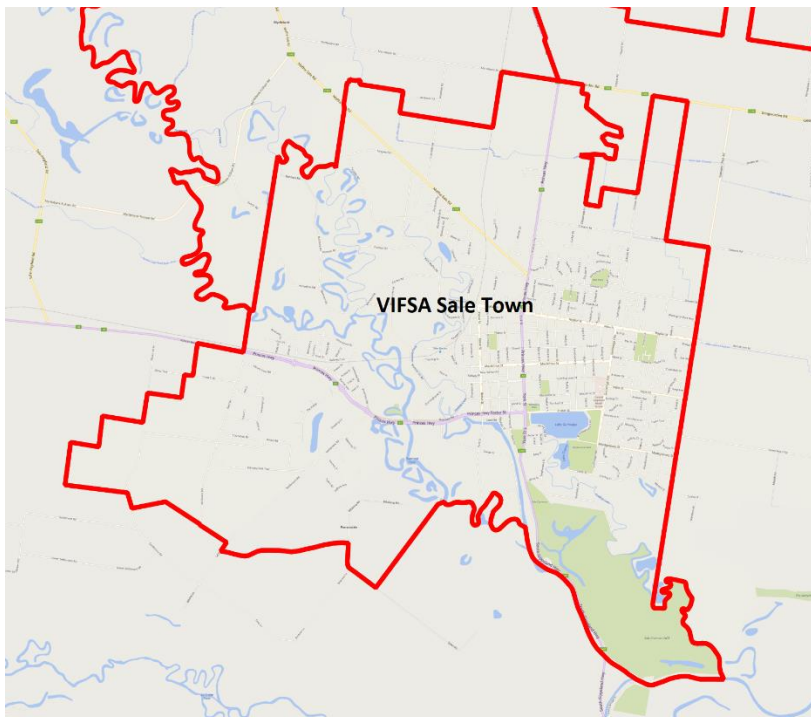
## ATTACHMENT A DATA AREA BOUNDARIES

**TABLE 22** SALE SA2 BOUNDARIES, 2006, 2011, 2016



Source: Remplan, 2017

**FIGURE 16** VIFSA SALE TOWN BOUNDARY, 2016



Source: Victoria In Future 2016

## ATTACHMENT B LIST OF CONSULTATION

Agency/Business Name	Interest	Representative
VicRoads	Transport and access	Stuart Fenech
Ausnet	Infrastructure	John Benty
Gippsland Water	Infrastructure	Paul Young
West Gippsland Catchment Management Authority	Infrastructure	Adam Dunne
Environment Protection Authority	Planning and environment	Sarah Nash
Department of Environment, Land, Water and Planning	Planning, environment and public land	Alan Freitag, Carmel Henderson, John Brennan
Wellington Shire Officers	Planning	Barry Hearsey
Wellington Shire Officers	Planning	Ben Proctor
Wellington Shire Officers	Infrastructure	Sam Pye
DEDJTR	Transport and access	Kylie Franklin
DEDJTR	Earth resources	David Wilson
VicTrack	Transport and access	Emma Demayne
Land/Business Owner	Business	John Kenihan
Telstra	Infrastructure	
NBN	Infrastructure	
APA	Infrastructure	
Rotafab	Candidate area interface	Geoff Lindrea
Graham Chalmer Real Estate	Real estate	Chris Morrison
Wellington Business Park	Development	Grant Warfe
Fulham Correction Facility	Candidate area interface	Col Caskie
West Sale Aerodrome (managed by Wellington Shire)	Candidate area interface	Daniel Gall
Federation Training	Candidate area interface	Darrin Day
Wurruk Land owner	Candidate area interface	Dan Krusic
Candidate Land Owner (area 1)	Candidate Area Owner	Details withheld
Candidate Land Owner (area 1)	Candidate Area Owner	Details withheld
Candidate Land Owner (area 2)	Candidate Area Owner	Details withheld
Candidate Land Owner (area 2)	Candidate Area Owner	Details withheld
Candidate Land Owner (area 2)	Candidate Area Owner	Details withheld
Candidate Land Owner (area 2)	Candidate Area Owner	Details withheld
Candidate Land Owner (area 3)	Candidate Area Owner	Details withheld
Candidate Land Owner (area 3)	Candidate Area Owner	Details withheld
<b>Contacted but no specific or detailed input received</b>		
Aboriginal Victoria	Cultural heritage	
Country Fire Authority	Emergency Services	
Regional Development Victoria	Business / Economics	
Committee for Wellington	Business / Economics	

**Urban Enterprise**

389 St Georges Road,  
Fitzroy North, Vic, 3068

(03) 9482 3888

[www.urbanenterprise.com.au](http://www.urbanenterprise.com.au)

